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NEWS SUMMARY

GENERAL

Cadbury faces counter attack

[M]r. Peter Cadbury, who is [fi]ghting a vigorous battle to [re]gain the chairmanship of [W]estward Television, from [wh]ich he was deposed two week[s a]go, is facing a strong counter-[at]tack.

Mr. Cadbury has made a [fo]rmal call for a shareholders' [m]eeting to overturn the deci[si]on to replace him by Lord [H]arris of Greenwich, and says [h]e has support from holders [of] more than half the stock.

The Harris side is preparing, [w]ith the help of lawyers, a cir[cu]lar listing reasons for oppos[in]g Mr. Cadbury. Eleven of the [1]4 directors felt keeping him as [ch]airman could cost the com[p]any renewal of its licence. [B]ack Page

Welsh call

[F]urther embarrassment to the [G]overnment, which faces a con[fi]dence vote tomorrow, is the [ca]ll of the Commons select [co]mmittee on Welsh affairs for [a] selective jobs subsidy to fight [u]nemployment. The committee [ha]s a Tory majority. Back Page

Cossiga cleared

[A]fter four days of hearings, the [tw]o houses of the Italian Par[li]ament rejected charges against [P]remier Francesco Cossiga that [h]e had abetted the flight of a [w]anted terrorist and had [b]reached the secrecy of investi[ga]tions. Page 2

Terrorists escape

[T]wo Turkish terrorists sen[te]nced to death for murdering [..]e have escaped from a top-[se]curity Ankara prison. Premier [D]emirel has asked Parliament [t]o approve executions of four [m]ore terrorists convicted of [p]olitical murders. Page 2

Antwerp horror

[O]ne child was killed and about [2]0 injured when two grenades [w]ere thrown into a Jewish [g]roup about to leave Antwerp [o]n holiday. A man was arrested.

Ethiopian triumph

[H]ighlight of the Olympic Games [i]n Moscow was the 10,000 metres [v]ictory of Ethiopia's Miruts [Y]ifter. A Finn came second, [a]nd Ethiopians third and fourth. [E]ast Germany won all the row[i]ng golds except one, and British [o]arsmen took one silver and two [b]ronzes.

Arm sewn back

Six surgeons at Withington Hospital Manchester sewed back the severed arm of car crash victim Emma Taylor, 8, of Bolton.

Soldier killed

One British soldier was killed and another injured by an explosion when on foot patrol on a country road in Co Tyrone.

Six-hour ordeal

Four hundred passengers were stranded for six hours when storms washed away track on both sides of Euston-Stranraer overnight express, near Girvan.

Tasty tomato

National Vegetable Research Station, Wellesbourne, Warwickshire, has developed a tomato for canning that 80 per cent of housewives preferred to imports in a test. It could save up to £1m a week in imports.

Briefly...

A woman and her mother, sister, and daughter were killed in a head-on car crash in fog near Battle, Sussex.

Glasgow search for a baby boa constrictor its owner reported missing from his car was called off when he found it under the dashboard.

BUSINESS

Nigerian reserves rise to peak level

● NIGERIA'S external reserves reached a record 4.7bn Naira (£3.7bn) in mid-July according to the country's central bank, representing substantial progress as a result of rising oil revenues and import curbs after the 1978 financial crisis. Back Page

● UK trade balance in motor products showed a surplus of £72m for the second quarter after a £128m deficit in the first quarter. Back Page.

● HONG KONG's prime lending rate has been cut by 2 per cent to 10 per cent, in the fourth reduction since March when the rate stood at 16 per cent. Page 2

● F.T. GROCERY PRICES index rose slightly in the last month to 129.04 against 128.53 a month earlier. Page 6

● SIR KEITH JOSEPH, the Industry Secretary, is to transfer direct responsibility for Rolls-Royce to his department from the NEB. Page 4

● URGENT REVIEW of the effect of capital gains tax is demanded in a letter to the Chancellor by the London Chamber of Commerce. Page 5

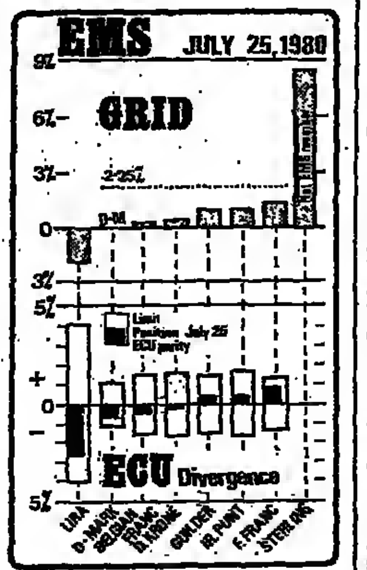
● EMPLOYMENT and economic policies of the Government will come under fierce attack at the TUC Congress in September. Page 6

● DOMTAR INC., Canada's third biggest paper maker, is closing its Sunderland paper mill with the loss of 400 jobs. Page 5

COMPANIES

● NATIONAL STEEL, the fourth largest U.S. steel company, had net income in the second quarter of only $3.3m (£1.39m) against $45.2m (£18.99m) a year earlier, while sales fell to $855m from $1.1bn. Page 26

● NCR, a leading U.S. computer producer, is to spend $155m (£65m) on expansion of its integrated circuits output. Back Page



● CHANGES were minimal within the European Monetary System last week, with the Italian lira the weakest currency by a large margin, despite a steadier trend recently. Most attention centred on the second weakest EMS currency, the D-mark, and the possibility of a cut in Germany's discount rate, not now expected until after the holiday recess at the end of August. With no move from the Bundesbank, most other rates showed little change in Europe, although French inter-bank call money fell to a five-month low on Thursday, while the French franc maintained its position at the top of the grouping.

The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

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No early political reaction expected to Shah's death

BY OUR FOREIGN STAFF

The deposed Shah of Iran died yesterday morning at the Maadi Military Hospital, Cairo, where he had been undergoing treatment for cancer.

The Shah, whose condition had been deteriorating since late last month, had started sinking on Saturday night.

President Anwar Sadat, of Egypt, paying affectionate tribute to the Shah on Egyptian television last night, said he would be given a State funeral on Tuesday.

Doctors said that the immediate cause of death was shock, brought on by circulatory problems. But the underlying cause was lymphatic cancer, from which he had suffered for several years.

The Shah's death was not expected to have any immediate political effects.

In Washington it is unlikely to make perceptible difference to the Carter Government's policies toward Iran.

Attention is focused much more closely on the establishment of the new Government in Tehran, expected in the next few days.

Ayatollah Khomeini has repeatedly said that the Iranian Parliament, expected to ratify Mr. Mustafha Mir-Salim as Prime Minister this week, must decide the question of the 52 U.S. hostages held since last November.

He is likely to reaffirm this. Nevertheless one former Iranian Minister commented yesterday that "the Shah's death will clearly ease if not resolve the hostage problem."

Tehran reacted last night with subdued jubilation mixed with disbelief. Enthusiasm was restrained, and the initial reaction of many was to suspect a trick to secure the release of the hostages.

Soon after the State radio had announced that "the bloodsucker of the century is dead" and special editions of the papers announced the Shah's death, cars turned on their head lamps and blew their horns. Motor cyclists sped through the traffic, carrying placards which announced simply "The Shah is dead."

Mr. Mousavi Garmarudi, spokesman for President Abolhassan Bani-Sadr, in one of the first official reactions, said: "For us he has been dead for years. His death cannot be anything exciting." Regarding future relations between Iran and the U.S., he added. His death cannot have any effect."

The militant Islamic students holding the hostages, who have demanded the return of the Shah and his property, said last night that they would not comment on the new situation until Ayatollah Khomeini had spoken.

Some Iranians expressed frustration that he could not now be brought to trial. Two members of the Paramilitary Revolutionary Guard force, standing outside the occupied U.S. Embassy, said that they suspected the Shah had been killed by the Americans.

"Now they will want the hostages freed by paying us some money," they said. Out of 20 people interviewed in different parts of Tehran, only one expressed regret at the Shah's death.

It is clearly politic for those Iranians who feel any grief to keep their sorrow a private matter. In the 18 months since the Shah fled, even those diametrically opposed to the Khomeini regime have seldom advocated the Shah's restoration.

Mr. Sadat, who alone among the Shah's former allies was prepared to give him a permanent home in exile, and last night said that he would be given a State funeral, could thus cause diplomatic embarrassment for Western governments over the level of representation.

The White House has not yet decided who will attend the funeral, but it is thought unlikely to be a top-ranking dignitary.

Speaking in a television broadcast from the Kubbeh Palace, where the Shah and his family have been housed during

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Obituary Page 2

Ministers and Bank take different view of strong £

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

TREASURY MINISTERS and the Bank of England are taking a different view of the desirability and impact upon the British economy of the strength of sterling. They are, however, united in rejecting any attempt to induce a fall in the exchange rate.

Sir Geoffrey Howe, the Chancellor, and his ministerial colleagues believe that the high exchange rate has positive advantages in the fight against inflation and for living standards. In contrast, the Bank and some senior Treasury officials stress the damaging long-term effects upon industry of the present level of the pound.

These differences have become increasingly clear from recent ministerial speeches, and from Bank evidence to the Treasury and Civil Service Committee of the Commons.

The Bank's concern has not so far been translated into any specific policy proposals. There is general agreement that little can be done about the exchange rate in the short-term and its level will continue to be determined by market forces.

The issue is likely to be raised when Sir Geoffrey gives evidence this afternoon to the Treasury committee as part of its inquiry into monetary policy. Tense relations between the Government and the committee were further strained last week when the handling of Civil Service pay rises was strongly criticised.

The impact of the strong pound upon the competitive position of industry is also likely to be highlighted by the Confederation of British Industry's quarterly trends survey, due out tomorrow. This is expected to confirm recent evidence of a deepening recession and a tightening liquidity squeeze and to lead to fresh CBI calls for lower interest rates, partly to relieve exchange rate pressures.

The Bank's worries stem to a considerable extent from its own extensive contacts with industrialists and its behind-the-scenes work in discussing the financial problems of companies.

Senior Bank economists recently said the real (inflation adjusted) exchange rate was excessively high. The implication is that the Bank believes that the present damage to industry of a strong pound is more important than the potential future dangers of a higher inflation rate if the pound fell and pushed up the cost of imports.

Treasury Ministers have recognised that the high pound makes life more difficult for manufacturing companies but they have argued that this is the inescapable result of North Sea oil. The resulting problems of adjustment should be faced and it is wrong to hope and wait for a fall in the exchange rate.

Consequently, Treasury Ministers have been assiduous in ensuring that there is no significant intervention to resist the upward pressures on sterling.

Bank officials have said publicly that any attempt artificially to push down the exchange rate might not produce sustainable benefits. Mr. Gordon Richardson, the Governor of the Bank, said last week that it would be "the height of stupidity" to intervene by selling sterling since this would drive a hole through monetary policy.

Similarly, decisions on when to change interest rates will continue to be determined by domestic monetary influences rather than by external factors. Any fall in sterling as a result of a sustained drop in interest rates would be regarded, at least officially, as a by-product rather than as an objective of policy.

Officials and ministers agree that any artificial props to the rate should be removed. This has been reflected in the removal of outward exchange controls and the repayment of overseas borrowings. At present the Bank and some Treasury officials have also been saying that a strong argument against the introduction of indexed-linked gilt-edged stocks is that they might attract significant demand from abroad which would push up sterling.

British Airways out to undercut Laker North Atlantic fares

BY LYNTON McLAIN

BRITISH AIRWAYS, in a bid to become the cheapest airline on the North Atlantic, plans to undercut Sir Freddie Laker's Skytrain air fares and those of all other competing airlines on the route from September.

The new fares offered by the State airline, subject to Government approval, include the lowest of any airline on the North Atlantic, an £84 single Standby off-peak ticket from London to New York and Washington.

Laker Airways' cheapest single London-New York Skytrain ticket costs £95 in the peak and £85 in the off-peak.

The unprecedented proposals, designed to win for BA a greater share of a declining and unprofitable market, herald a potentially damaging battle among airlines to win desperately needed business.

BA's Standby proposals for New York and Washington call for a cut of £13 off-peak and £12 to £94 peak season travel. The decision to cut the peak Standby reverses a decision only two weeks ago, in an application to the U.S. and UK civil aviation authorities, to raise the fare by nearly 14 per cent to £120.50.

The airline's other earlier proposals for higher first-class and economy fares will stand.

BA plans, in its application to the U.S. Civil Aeronautics Board and the UK Civil Aviation Authority, to cut £17 off its London to San Francisco and Los Angeles standby off-peak fares to a new low of £114, single.

The Standby single off-peak to Miami, a route also served by Laker Airways, will drop by £8 to £86.

Mr. Roy Watts, chief executive of British Airways, said yesterday that competition on the North Atlantic had always been strong. But "traffic growth has been inhibited by the fall in the value of the U.S. dollar and by the recession in world trade."

He described the tactics of some airlines as those of "soap powder salesmen."

However, "any reaction by competitors to this fare initiative will meet with an immediate response from BA," Mr. Watts said.

This suggests that BA, despite severe cash problems, has plans to keep undercutting its competitors, including Sir Freddie Laker, who started the Atlantic fares war in September three years ago when his first Skytrain flew to New York.

A further round of fare cuts will please passengers, but the airline competitors can view the prospect only with foreboding unless a substantial increase in passenger volumes results.

Continued on Back Page

Mr. Charles Haughey

Haughey condemns Noraid

By Our Dublin Correspondent

THE IRISH Prime Minister has condemned the Irish-American organisations, Noraid and the National Caucus, which are widely believed to support the Provisional IRA.

Mr. Charles Haughey's remarks, in a speech in Cork, followed a letter from Dr. Garrett FitzGerald, the Opposition Leader, asking Mr. Haughey to state his views on these organisations.

Earlier there had been reports—later denied—that the Irish Government planned to move its Ambassador in Washington, who has been working to reduce the influence of the two organisations.

Mr. Haughey said there could be no genuine doubt about the Irish Government's attitude. It condemned all violence and condemned organisations which provided financial or other support for violence.

Dealing with Noraid, which collects funds in the U.S. supposedly to help prisoners in Northern Ireland, Mr. Haughey said there was clear and conclusive evidence that it had provided support for the campaign of violence. There was evidence of an association between Noraid and the National Caucus.

Dr. FitzGerald welcomed what he called Mr. Haughey's belated statement.

● A key witness at the trial 10 years ago in which Mr. Haughey and others were acquitted of charges of conspiring to import arms, has said in a radio interview that the truth had not come out.

Mr. James Gibbons, a former minister, whose evidence clashed with that of Mr. Haughey, said he had spoken to Mr. Haughey as recently as a few months ago, asking him to clarify the conflict of that time, but that nothing had happened.

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DEMOCRATS' UNEASE GROWS

Search for alternative to Carter

BY DAVID BUCHAN IN WASHINGTON

NAMES NOW being canvassed to lead the Democratic Party into the U.S. Presidential election this autumn include Vice-President Walter Mondale and Mr. Edmund Muskie, Secretary of State.

The party wants a way out of the apparent impasse created by Mr. Carter's rapidly declining fortunes and Senator Edward Kennedy's failure in the 1980 primary elections.

The 11th hour search, launched late last week by 40 Democratic Congressmen for a presidential alternative to Mr. Carter and Senator Kennedy, stems from the current political storm over the relationship of the President's younger brother, Billy, with the Libyan Government.

A Senate investigation of Billy Carter's conduct, and how the Administration has handled the case, is to get under way this week.

Fresh ammunition for critics has been provided by Mr. Benjamin Civiletti, Attorney General, who has admitted that he talked to President Carter about his younger brother's Libyan links while the Justice Department was investigating. The Department's own internal ethics unit is now examining whether Mr. Civiletti's behaviour was improper.

Seasoned

This political embarrassment for the President comes after an opinion poll on Friday put him 28 per cent behind Mr. Ronald Reagan, the Republican nominee, in the presidential race. Another Harris survey since has shown an unprecedented 47 to 43 per cent lead for Republicans over Democrats, for control of Congress. The Democrats have had a majority in both Houses of Congress since 1955.

Among the Democratic Congressmen searching for an alternative to Mr. Carter are three younger members of the House, Mr. Michael Barnes of Maryland, Mr. Toby Moffett of Connecticut, and Mr. Timothy Wirth of Colorado, as well as a few seasoned liberals such as Mr. Don Edwards of California.

They and other Congressmen clearly fear they could be dragged down in November by Mr. Carter.

The President's economic policies are blamed for the depression and high unemployment. His foreign policy is seen by many as ineffective, though should the Shah's death contribute to the release of the American hostages in Tehran, Mr. Carter would reap considerable political benefit.

Senator Robert Byrd, Senate Democratic leader, said over the weekend that the Party leadership still regards Mr. Carter as the favourite for the nomination.

The President won in the primaries nearly 2,000 of the 3,331 delegates to the Democratic convention, which opens in New York in two weeks' time. There is little precedent for a presidential nominee to emerge who has not first played some part in the primaries. In 1968 the late Senator Hubert Humphrey did so after Senator Robert Kennedy's assassination.

Among the alternatives discussed Mr. Mondale is in the most awkward position. An able and popular man who could appeal to all segments of the party, he has been a Carter loyalist and has tried to discourage speculation in the last few days that he intends in any way to supplant him.

Mr. Muskie, a former Senator like Mr. Mondale, and a presidential hopeful in 1972, has been more equivocal. He has not ruled himself out as a last-minute choice. But, when taking over the State Department in May, he said his political ambitions were over and his age —at 66 he is only four years younger than Mr. Reagan— could count against him.

If a dark horse is to emerge at this late stage, the convention would have to set aside the rule proposed by the Carter campaign, that delegates must vote on the first ballot for the candidate whom they were originally elected to support. The Carter forces have already won a preliminary battle on this point against opposition from the Kennedy campaign.

Push

The push now by some Democratic Congressmen for an open convention, in which delegates could vote for anyone they pleased from the start, is being described by the White House as a stalking horse for Senator Kennedy. It was a clear attempt to exploit the President's present troubles, Mr. Jody Powell, White House Press Secretary, said at the weekend.

The group which aims to oust Carter says it is neutral in the long fight between Mr. Carter and Senator Kennedy.

OVERSEAS NEWS

Former FT Tehran correspondents look back on the life of the Shah and provide personal views of his style of government

The Shah of Iran: a victim of the myth he inspired

WITH THE DEATH of the exiled Shah of Iran an era has passed. No matter what befalls the Islamic revolution of Ayatollah Khomeini, Iran has changed irrevocably. More, a vision which the West was fully prepared to endorse, of a backward Middle Eastern country abandoning its past in one bound to join the industrialised world, has also died.

Mohammad Reza Shah was the second ruler of the Pahlavi dynasty, established in 1925 by his father, Reza Khan, a tough, uncomplicated soldier who modelled himself on Ataturk in neighbouring Turkey.

The son's greatest wish — and thus perhaps his greatest disappointment — was that he would not be the last of his line. In his later years the Shah was preoccupied with ensuring the smooth succession of his son, Crown Prince Reza, trying to create from the top a political system which would endure. With hindsight, it was a failure from the start.

It is ironical that Mohammad Reza Shah should have died in these circumstances in Cairo. A man deeply conscious of history and historical parallels, he considered the prospect of following his father into exile, a fate to avoid at all costs. In consequence he attempted to create firm bonds of mutual interest with the West, especially the U.S., identifying himself and his throne with the survival of his country.

For 25 years, from his restoration in 1953 in a CIA-backed coup, to the gathering turmoil in late 1978, the strategy succeeded. Despite changes of emphasis in Republican and Democratic administrations in Washington, through seven U.S. presidents the Shah was regarded, as President Jimmy Carter put it on New Year's Eve, 1977, as "our closest friend and ally."

The first of the Pahlavis had been forced into exile in 1941 when Britain and the Soviet Union occupied Iran.

This humiliation, and the manner in which he came to the throne as a puppet of the Allies, left an indelible mark on the young monarch. Gradually overcoming this weakness, Mohammad Reza Shah was never able to shake it off entirely. In the end, bereft of his friends and advisers—through death, disenchantment and the political oblivion which befell all those who stood up to him—the Shah turned back to the West for help and support.

This time the circumstances were different from those in 1953: the Shah was vacillating in the face of a powerful and seemingly unstoppable grass-roots movement led by the clergy: the Carter administration was deeply divided on the seriousness of the challenge and how to respond to it; Britain was not prepared to take an independent position. In his last few weeks on the throne the West signalled the withdrawal of its support and the Shah felt he had no other option but to go into exile.

He left for Cairo on January 16, 1979, leaving behind scenes of wild jubilation among a people who had come to blame him for all that was wrong with their country, the main obstacle to a cleansing and reordering of Iranian society: though few could foresee the future after the monarchy.

It was a fundamental change of heart towards a man who had for many years been accepted by the majority as a permanent fixture and indeed, from time to time, had achieved some genuine popularity. The Shah was incapable of grasping the fact that "his people" had deserted him ("How could they commit hari-kari?" he demanded in an interview a year later).

His contempt for the abilities of the clergy had also blinded him to the strength of the Khomeini movement. Thus right up to his death he refused to believe that the 80-year-old cleric could have played such a part in his own downfall and, instead, blamed Britain and the U.S.

Ultimately the Shah was a victim of the myth he inspired and encouraged about himself, as an all-powerful ruler drawing strength from the love of his people, in touch with their needs. He believed that only the institution of monarchy could hold the heterogeneous races of Iran together, or at least so he argued. And in him the mystical side to every Iranian's character was transformed into a sense of divine mission, to revive his country's ancient glories.

The fact that he survived at least three assassination attempts from Right- and Left-wing opponents confirmed him in his belief that he had divine protection.

In practice this sense of God's hand led Mohammad Reza to identify his own power and glory with that of Iran in the eyes of Iranians and the outside world. How the rest of the world regarded Iran became a source of highly exaggerated concern.

Hence his sensitivity towards foreign criticism and demonstrable need to command respect. Hence the extraordinary jamboree at Persepolis in November 1971 to mark the 2,500th anniversary of monarchy in Iran. It was an attempt to link the Pahlavis—a parvenu dynasty defying historical trends elsewhere in the world—with the Achaemenid Empire.

This striving after respect and legitimacy compelled the Shah to emphasise Iran's pre-Islamic origins and the Aryan race of most of its people at the expense of its religious traditions and heritage. Aware of the conflicts his father had had with the clergy, based in the holy city of Qom, and of the desire of the theological establishment to check the monarch's powers, Mohammad Reza systematically sought to subjugate the mullahs and eradicate their influence in the minds and lives of his people.

Political expediency and the ambition to fashion a new, model Iran were combined. Throughout his reign the Shah laid great store on building large, well equipped armed forces and devoted whatever resources were available to the task. Not only would they defend his own position as a force loyal to himself alone (his success in this goal was underlined by the speed of the army's collapse in February 1979 after his departure), but they would also become the backbone of secular Iran.

In his task of reshaping Iran an important contribution was made by his third wife, Empress Farah, who was deliberately built up to represent the human face of the regime, a counterpart to the stern, magisterial father-figure image of the monarch. The marriage in 1959 also produced the much needed heir and three other children.

It may well have been the stimulus for the third and final phase of the Shah's long rule. Thus in 1963 he launched his "White Revolution." It was a package of economic and social reforms based on land reform, but at the same time the Shah assumed full powers to overcome what he saw as the impediment to economic development represented by the politicians and the aristocratic landed elite.

The philosophical and ideological principles behind the Shah's vision were incorporated in three books; the last, "Towards the Great Civilisation" was published when the dissent that was to bring him down was becoming stronger by the day.

The concept of what was known as the "Great Civilisation" epitomised the extent to which the Shah had, by the mid-1970s, lost touch with practical realities. In this dream, preached to a people experiencing an unprecedented oil revenue-fuelled boom, Iran would reach the ranks of the world's top five nations within 20 years and its people would live in social harmony and contentment.

The reality of Iran at the height of the Shah's power and international acclaim in the mid-1970s was very different. It was a morally corrupt society with no political or intellectual life of its own, ruled by the all-persuasive secret police SAVAK.

Everyone except his committed opponents on the Left and the religious Right was nevertheless prepared to go along with the dream when it was producing the kind of benefits which had transformed living standards within a generation. But when it faltered, following a downturn in the world oil market, disillusionment was open and widespread. The stage was set for the dismissal in August, 1977, of his longest serving Prime Minister, Amir Abbas Hoveyda, and the sequence of increasingly desperate expedients to stop the rot—to no avail.

Andrew Whitley

POMP AND CIRCUMSTANCE: From left, in his full regalia; with the Empress Farah as a soldier kisses his feet; and in Panama during his exile.

Wilting memorials to an overblown regime

THE SHAH arrived in a dark blue Rolls-Royce with smoked-glass windows. Waiting aides jumped to open the door but first they let the dust from the road settle. The Shah emerged, a small man wearing dark glasses and a business suit. He smiled distantly at the group of hand-picked onlookers.

It was back on August 19, 1975, and the Shah had come to lay the foundation stone for one of his pet projects — a new commercial and administrative centre for Tehran.

The project site covered nearly 5m sq metres, but then this was said to be the largest undeveloped urban space in the world, a series of rolling but totally barren hills and wide gulleys. The ceremony took place on the highest of these bare brown hills, not because anything was going to be built there, but because it was the highest and enjoyed a magnificent panorama.

In order to give a sense of occasion to the formal inauguration of the biggest urban undertaking in the Middle East, trees had been planted on top of the hill. They had been flown in specially from Holland and had been planted two or three days before. Despite a liberal watering, the trees were struggling in the fierce heat and infertile soil.

The ceremony was brief. Accompanied by Mayor Gholam Reza Nikpai of Tehran the Shah was shown the scheme which he had personally championed. Already bulldozers had begun to gouge out the central feature, the Shah-Nation Square.

This would be larger than Red Square in Moscow, hitherto the biggest in the world. Naming this central feature after the Shah and the nation, would emphasise the relationship which the Shah felt in his self-cast role as father-figure towards his nation.

Either to flatter the Shah or on his own insistence, I suspect a mixture of the two, all the main project sites in the development designs were called after the Shah or the Empress, as though they were personal possessions. The development itself was called Shahestan Pahlavi, "the place of the Pahlavi Shahs." The name had been greeted coolly by Tehranis who had traditionally known this piece of empty land as Abbasabad. The Shah and his entourage watched work beginning purposefully on a project they hoped would be finished in 15 years.

The ceremony over, the Shah was ushered amid low bows into his waiting car: the motorcade was off, the Shah a lonely figure perched stiffly on a specially elevated back seat. He travelled even in those days with his own custom-built ambulance, one of the some 25 official cars that followed behind him.

The trees wilted quickly and after a month they had withered brown. I saw them often driving up to the northern suburbs. They looked like bedraggled blown out candles on a birthday cake. Shahestan Pahlavi was one of the first projects to be shelved by the revolution.

Indeed it only just escaped being pruned when the money squeeze was felt in 1977. It will now probably never be implemented, an unfinished monument to Tehran's anarchic growth.

Mr. Nikpai, the unfortunate mayor of Tehran, was among the first of the Shah's officials to be executed—blamed for bulldozing down parts of old Tehran. I was told that his wife had to pay 300,000 rials to obtain his last letter written in prison.

Robert Graham

SAVAK's summary justice—at first hand

THE ACCUSED was an unshaven young man in his late twenties, a face which today would be indistinguishable in a crowd of slogan-shouting demonstrators. He was reading out a long denunciation of the Shah and the U.S. that was a mixture of half-baked Marxism and a passionate sense of injustice.

It was clear at once that he was one of those on trial who had refused to sign a confession pleading for forgiveness for his crimes against the Shah's regime. At the end of the courtroom ritual he would be given the usual sentence of death by firing squad.

It was early in 1973 when the rise in oil prices seemed to be bringing closer the Shah's dream of the Great Civilisation. I had driven up through the snow to the military courts on the Old Shemiran Road.

Futility

I sat at the back of the room wondering at the courage (or was it stupidity?) that had driven this young man (and many like him) to the futility of taking up arms against the Shah, with no hope of avoiding capture by Savak. Suddenly there was a stir in the court and before I knew what had happened, he had finished reading, walked directly up to me and thrust into my hands a thick wad of documents.

Four or five Savak officials immediately seized me, and took me upstairs to a sparsely furnished room. It was immediately made clear that I could not leave until I handed the documents over. There was no questioning of telephoning the British Embassy, or any other legal nicety.

Suspicion

Never before or since have I experienced such fear as during the three or four hours that followed during which I tried to negotiate the terms on which I would hand over the documents.

As I finally caved in, I expected to be released immediately. Instead three or four men pounced on me again. Their suspicion, as I realised afterwards, was that I had concealed some of the papers and they were determined to get them from me by force. My instinctive reaction was to grab the documents back again from the senior interrogator. But in a moment they had thrown me to the floor and the documents (I had kept none of them) were back in their hands.

David Housego

OTHER OVERSEAS NEWS

Gierek to hold talks with Soviet leaders on labour unrest

BY CHRISTOPHER BOBINSKI IN WARSAW

MR. EDWARD GIEREK, the Polish Communist Party chief, left for talks with Soviet leaders yesterday as the Polish authorities face what could be the most serious long-term threat of the present labour unrest at home.

Mr. Gierek's trip is officially described as a holiday. Such visits in mid-summer have become a traditional event for him and other other East European leaders in recent years, and the talks in the Crimea usually combine business with pleasure.

This year, Mr. Gierek's talks have a special significance. Polish industry has seen more than 80 strikes in support of higher wages, as well as against the higher meat prices introduced on July 1.

Last week, transport strikes paralysed Lublin, in Eastern Poland, for a day and the authorities warned that the situation there "could cause concern to the country's friends," meaning the Soviet Union. But in general the Polish authorities have adopted a conciliatory stance towards the strikers and the stoppages have ended after local management pledged wage increases.

A more serious threat is emerging in the form of demands by the strikers for improved supplies to local shops. This will be difficult to meet. Copper miners stopped work for several shifts a week ago, demanding improved supplies, but made no mention of wage rises.

Widespread strikes in the western town of Ostrow Wielkopolski (population 60,000), ended this week-end when railway repair workers among others won an increase in wages and extra deliveries were made to the shops.

But other areas are beginning to suffer as the authorities are being forced to switch scarce supplies to strike-hit towns.

Already, the local authorities in Czestochowa for example, are having to limit the amount of food people can buy in local shops.

14 killed in Lebanon funeral violence

BY IHSAN HIJAZI IN BEIRUT

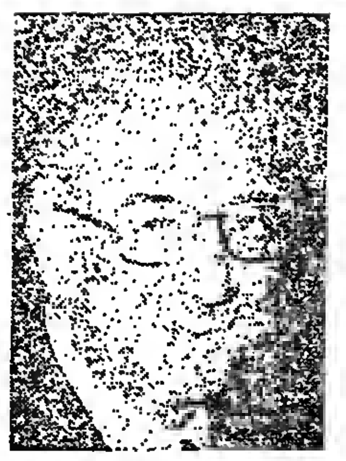
FOURTEEN PEOPLE were reported to have been killed in fierce clashes on Saturday at the ancient town of Baalbek in Eastern Lebanon, some 90 miles east of Beirut. Police said there was also a large number of casualties some of whom had to be rushed to Beirut for treatment.

The fighting, between militiamen of the Shiite organisation, Amal, rival local factions and Palestinian guerrillas, broke out during the funeral of Mr. Riad Taha, the President of the Lebanese Press Association, who was assassinated in Beirut last Wednesday.

Mr. Taha's funeral procession passed through Baalbek on its way to his hometown of Al Hermel, 30 miles to the east, for burial.

Senior officials, including Mr. Selim al Hoss, the outgoing Prime Minister, were trapped in a local hotel during the violence. Dr. Hoss insisted on staying on to deal with the situation.

Only the intervention of several hundred Syrian troops of the Arab League deterrent force checked the violence, but the situation was still highly tense with gunmen manning road blocks and taking positions on rooftops.



Sig. Francesco Cossiga

Cossiga acquitted on impeachment charges

BY RUPERT CORNWELL IN ROME

ITALY's Parliament yesterday voted overwhelmingly to acquit Sig. Francesco Cossiga, the Prime Minister, on charges of abetting the flight of a wanted man.

In a considerable personal and political triumph for the Premier, Parliament absolved Sig. Cossiga by 535 votes to 370 on the first "impeachment" indictment, that he breached the secrecy which surrounds investigations by examining magistrates.

In doing so, it automatically threw out the second charge that the Premier had used confidential information to warn Sig. Carlo Donat Cattin, his senior Christian Democrat party colleague, that terrorist charges were about to be levelled against the latter's son, Marco, 28.

The outcome of the four-day Parliamentary hearings constitutes a significant defeat for the Communist Party (PCI).

For largely political reasons, the PCI had insisted that the affair, the first of its kind to involve a Prime Minister in office, should be brought before both Houses of Parliament.

The 952 deputies and senators also rejected a motion backed primarily by the Communists, that further investigations should be made into the case.

The narrower margin here, of 507 to 416, indicates that in the secrecy of the ballot, some members of the parties who were pledged to support Sig. Cossiga, broke ranks, but the defections do not appear to have been serious.

The final result has probably reinforced the three-party coalition of Christian Democrats, Republicans and Socialists.

The new political mood, coupled with a general sense of embarrassment at the confused and often undignified "impeachment" proceedings, means that Sig. Cossiga's Government now looks reasonably secure until the autumn at least.

Bolivia troops aim to starve out miners

ORURO, Bolivia—Thousands of Bolivian miners yesterday continued a 10-day strike of resistance to the country's military rulers, surrounded by troops attempting to starve them into submission.

Miners who eluded the military siege to buy supplies in this Andean city 180 miles south of La Paz, said most of the country's 50,000 militant miners were prepared to extend the strike indefinitely. "We need food and suffer from hunger, but we do not lack the courage to continue our struggle," one miner said.

At least seven people have been reported killed and 15 injured in clashes since Army troops supported by armoured units and reconnaissance planes marched to the area after the overthrow of President Lidia Gueiler.

Priests working in the area said military roadblocks had prevented them from going back to their parishes in Catavi, Siglo Veinte, Llallagua and Huanani, four major tin-producing centres isolated by the siege.

Reuter

David Buchan adds from Washington: The U.S. has begun withdrawing its military mission from Bolivia, as well as ending military aid and recalling its Ambassador from La Paz, as a further mark of disapproval of the recent coup there.

Police fear ETA may try to blow up Bilbao

BY OUR MADRID CORRESPONDENT

THE CIVIL Governor of Vizcaya Province, in Spain's Basque country, is studying emergency plans to evacuate the population of Bilbao in the light of police suspicions that 7.85 tonnes of explosives, stolen last Thursday night, may be hidden in or around the city.

The theft, believed to be the work of a seven-man terrorist group belonging to the military wing of ETA the Basque separatist organisation, involves one of the largest quantities of explosives ever seized in Spain.

The explosives are theoretically capable of blowing up a city, or the equivalent of 100,000 tonnes of rock. Over the weekend, police began house-to-house searches in Bilbao. In Madrid police road blocks severely disrupted traffic.

According to a statement released by Sen. Juan Jose Roson, Minister of the Interior, the theft was made possible by negligence on the part of two guards stationed at the arsenal of Soto de la Marina, five miles outside Santander.

The Minister claimed that the guards were talking to each other instead of standing at separate posts at the time of the incident. This made is easy for the attackers to overpower them, and prevented them setting off the alarm, the statement said. The two men were later found chained to trees beside a secondary road.

The Minister warned that action will probably be taken against the private company operating the arsenal, Explosivos Rio Tinto, for allegedly storing more than the authorised amount of explosives.

Two terrorists escape from Ankara gaol

BY METIN MUNIR IN ANKARA

TWO RIGHT-WING Turkish terrorists, sentenced to death on charges of murdering five people and wounding another 12, have escaped from a maximum security military goal in an army camp in an Ankara suburb.

The two got away hours after Mr. Suleyman Demirel, the Turkish Prime Minister, asked Parliament for its approval of their execution, along with two extreme Left-wing terrorists convicted of murder.

The request was believed to have been intended to demonstrate that the Government and the Turkish army were prepared to respond severely towards terrorists.

Nearly 100 people have escaped from prison in Turkey in the past four months, often with the help of their civilian or military gaolers. In a country where left- and right-wing terrorists can find sympathisers or accomplices in state organisations, the battle against terrorism is a hard one.

The two who escaped yesterday were Mr. Isa Armagan, 21, and Mr. Mustafa Pehlivanoglu, 23. An investigation revealed that they had escaped on Saturday night through a hole in the gaol roof.

Mr. Bulent Ecevit, the main Opposition leader, called their escape "an inexcusable scandal" which demonstrated that "the accomplices of right-wing terrorists have infiltrated the most unexpected echelons of the state."

The atmosphere of co-operation between Mr. Ecevit and Mr. Demirel, who met three days ago to reach a limited agreement on legislation to combat terror, appears to have worsened.

Mr. Ecevit said that under Mr. Demirel's right wing minority Government "the state of Turkey and its economy have collapsed." Mr. Demirel, he said "is trying to use events and problems which his own Government is aggravating as an excuse for establishing a dictatorial regime."

The Social Democrat, who was Prime Minister for about two years until about ten months ago, said he would do everything to force Mr. Demirel to resign. Mr. Demirel made no comment on the escape, but a party spokesman called it "extremly regrettable."

S. Africa deaths

THREE PEOPLE died and several were injured in violence which erupted in the South African town of Grahamstown on Saturday, after the funeral of a youth killed in earlier disorders, police said yesterday, Reuter reports from Johannesburg.

The dead, all black, included a shopkeeper stoned to death by rioters, a man who died from birdshot wounds when police opened fire during the rioting and another man found dead from still unexplained causes, police said.

Hong Kong interest rate falls

By Philip Bowring in Hong Kong

PRIME LENDING rate in Hong Kong has been slashed by two percentage points to 10 per cent, the fourth cut since rates peaked at 16 per cent in March and justified for the banks by international trends and the high liquidity prevailing on the local money market.

Interbank rates have been several points below prime and banks have been losing business to deposit taking companies.

However, the steep cut is a slap in the face for the Government.

Double digit inflation, a very large trade deficit, buoyant consumer demand and a still rising stock market suggest that lower interest rates can now only complicate Hong Kong's readjustment problems to the growing recessionary trend.

Kuwait police force shake-up

TWENTY-EIGHT officers have been retired in a major shake-up of Kuwait's police force following a deteriorating security situation in the Gulf country, Reuter reports from Kuwait.

Sheikh Newaf al-Ahmed al-Sabah, the Interior Minister, announced that the retired officers included a colonel, nine lieutenant-colonels, 12 majors, five captains and one lieutenant. Earlier this month a bomb blast killed two people and wrecked the printing presses of Al-rai Al-aam newspaper.

Last April unknown gunmen tried to kill Mr. Sadegh Qotbzadeh, the Iranian Foreign Minister, when he was visiting Kuwait. Later the Iran Air office was bombed.

The Government has so far reported no arrests

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Commission probes U.S. styrene dumping

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE EUROPEAN Commission has now formally opened an anti-dumping case against the U.S. over imports of styrene, a base chemical used in the making of plastics.

The move follows a formal complaint by the European Council of Chemical Manufacturers' Federations —CEFIC— which represents the main styrene prodncers in Germany, France, the UK and Italy. CEFIC said at the weekend that imports of styrene from the U.S. appeared to be taking an ever larger share of tbe European market with producera in the UK and on the Continent being forced to slash their prices as a result.

Some European companies are understood to bave cut their styrene prices by up to 20 per cent between January and May this year in an effort to maintain volume sales in the face of competition from cheap U.S. material. But the American companies are tending to lower their prices further, about one month ahead of the Europeans.

U.S. producers are now alleged to be selling styrene in Europe for $171 a tonne less than they are selling it in America—a calculation based on ex-factory prices. The $171 represents 26 per cent of the cif —costs, insurance and freight— price.

U.S. exports of styrene to Europe rose by 23 per ceot between 1978 and 1979. It is estimated that during the first three montha of this year, U.S. styrene was entering Holland alone at twice the rate it was in the first quarter of last year.

The European Commiasion is already carrying out an investigation into U.S. dumping of vinyl acetate, used in the making of plastics. CEFIC is known to be preparing further anti-dumping cases against imports of cbemicals from the U.S.

It is thought CEFIC may be ready to present anti-dumping cases on phenol, paraxylene and orthxylene—all used in the making of a wide variety of products from pharmaceuticals to fibres—to the Commission by September.

● The EES Commission has instructed 19 companies in Britain and Ireland to change the rules of their agreement for buying imported raw sulphur by means of a joint buying pool. It can only continue as long as an illegal condition that the companies buy exclusively from it is dropped, and members independently buy up to 75 per cent of their sulphur elsewhere, the Commission said.

Curbs cost consumers $2bn

BY DAVID BUCHAN IN WASHINGTON

AMERICAN consumers would save $2bn a year if U.S. trade restrictions were lifted from short wave radios, colour televisions, textiles, non-rubber shoes, and sugar, and they could freely buy the cbeaper imports, according to a new Federal Trade Commission study.

The FTC staff study has no official status, but its release coincides with recession in the U.S. that bas put pressure on the Carter Administration to step protectionist measures.

The study warns that protection bas a snowballing effect. Granted to one industry, it becomes a precedent for other industries whicb claim that they have been damaged by imports. Yet, it alao says, protection is often politically bard for governments to resist. The benefits are "very high to members of the affected industry, and the costs dispersed among possibly millions of consumers."

The bigger the indnstry seeking an import qnota or tariff, the better its chances of getting government approval for this, the FTC study claims.

The commission staff selected the five products for examination "because they have significant and varied types of government protection," ranging from tariffs in the case of sbort-wave radioa, to various forma of quotas for tvs, textiles and shoes. Sugar, in addition, receives domestic price supports.

The Carter Administration has prided itself on its free trade record, with the President for instance removing "trigger prices" for imported steel this spring, wben the domestic steel industry filed an anti-dumping suit against European competitors.

But Mr. Carter is under strong pressure to take some action against Japanese car imports, whicb bave captured a quarter of the U.S. market. That is conditional, though, on a prellminary ruling from the International Trade Commission on the car issne, and this may come after the November 4 election.

Talbot confident about future of Iranian project

BY SIMON HENDERSON

PRODUCTION of cars in Iran from kits supplied by Talbot UK is continuing at a rate of 85 to 90 per cent of planned levels despite the turmoil of the revolution. Talbot officials say they are confident of the project's future. There bad been doubts recently because Talbot had to put part of the labour force involved in making up the kits at its Stoke engine plant in Coventry on sbort time working.

The problems in Iran have been mainly associated with the secondary suppliers who bave failed to keep up stocks of such items as tyres, wiring and exhaust systems.

But the company says tbere are no basic problems with the £150m a year contract. Notwithstanding the local supply problems it is happy with the operation of the Iran National plant just outside Tehran and have bad good constructive talks with the powerful workers committee there wbich effectively runs the plant.

Talbot maintains an office in Tebran manned by two expatriates to deal with immediate problems and a senior executive visited recently on wbat is described as a routine visit.

The project established during the Shah's rule involves the production of the Hillman Hunter model, known locally in Iran as the Peykan. Tbe engine, suspension and gearbox are manufactured in Britain. The bodywork and final assembly is undertaken in Iran.

The contract is not affected by EEC sanctions brought in support of the U.S. over the bostages issue. Talbot is continuing to ship between 8,500 and 9,500 kits each month and at any time reckons on baving two months' worth of stocks in Iran.

£15m orders for India

NEW DELHI — A delegation of Indian industrialists has returned from Iran with orders for Rs 280m (£15.2m) of goods, according to the delegation leader Mr. V. P. Punj, chairman of India's Engineering Export Promotion Council.

The delegation went to Iran following a visit to India last month by Iran's Commerce Minister Reza Sadr seeking Indian goods to counter Westero economic sanctions against Iran.

Mr. Punj said business with Iran could easily reach RsIbn now potential Iranian cuslomers have been identified, adding that car parts alone represented potential business worth Rs 10bn.

He added that bls delegation had received many proposals for joint ventures bnt declined to elaborate.

Australia delays decision on textile protection

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Government bas again delayed making a decision on the sensitive question of levels of protection for the country's textiles, clothing and footwear industries.

A 1,500 page report from the Industries Assistance Commission (IAC), the body which advises the Government on tariffs and quotas, was expected to be made public last week.

But Mr. Phillip Lynch, the Industry Minister and Mr. Vic Garland, the Business and Consumer Affairs Minister, emerged from a Cabinet meeting on the subject on July 23 and announced that a decision on the report had been deferred indefinitely "pending further work by officials on a number of aspects."

The IAC draft report of a year ago recommended gradual rednction in protection over the five years from August 1981 and replacement of quotas with bounties until they could be phased out completely.

Measurement of proteetion is notoriously difficult. A measure used by the IAC is tbe "effective" rate of protection whicb is the percentage by which value added per unit of output is increased hy tariffs, quotas and subsidies. Using this measure, the effective rate of protection on textile average 57 per cent, many textiles entering duty-free. For clothing and footwear, the rate is 149 per cent.

The IAC draft report met with howls of protest from the powerful textile lobby which claimed that factories would close and jobs would be lost. The three industries employ about 120,000 people directly and about 200,000 indirectly. Tbe workforce represents 11 per cent of the total employed in mannfacturing and is tha second largest manufacturing sector after transport equipment.

The IAC came np with a milder draft report, but the gist was the same—protection for the three industries should be gradually scaled down.

Just as the IAC was putting the finishing touches to its final report the lobby group for the three industries split. Some of Australia's leading apparel manufacturers formed a breakaway group which came out publicly in favour of lower protection on textiles. The group argued tbat tbis would boost the apparel industry by more than the loss caused to textile manufacturers and in turn make manufacturing more competitive and therefore in less need of protection.

The group pointed out that the textile industry was largely capital intensive and that the areas where jobs could be gained or lost wera mainly in the footwear and clothing industries.

These arguments were immediataly taken up by anti-protection groups, led by the National Farmers Federation which is opposed to protection because it raises farmers' costs and puts pressure on the exchange rate.

With an election looming before the end of the year the Government sees itself in a "no win" situation. Lower protection ia likely to be seen as a forerunner to higher unemployment—the current level is 6 per cent. On tbe other hand delay is causing textile and clothing manufacturers to defer investment decisions which could also affect employment.

Maintaining the current protection levela would alienate the anti-protection group and fly in the face of advice from Treasury which says the exchange rate is likely to come under pressure in the next few years as exports boom and imports are restricted. Australia already has a mounting surplus on its current account.

There are also the foreign policy issues. The Association of South-East Asian Nations (ASEAN), which is of immense strategic importance to Australia, has been pressing for greater access for goods.

Another argument is that Australia would lack credibility in its trade battles with countries like the EEC, the U.S. and Japan over market access for agricultural products while closing its own market to manufactures.

Apart from the textile lobby group, there is practically nnanimous feeling among politicians, consumers, and bureaucrats that Australia's future would be better served by scaling down protection.

But the employment implications are so unpalatable that it is unlikely the government would take the risk in announcing lower protection at least until after the next election.

Lagos pilot strike in sixth day

BY MARK WEBSTER IN LAGOS

THE PORT of Lagos is not seriously affected by a ships' pilots' strike whicb enters its sixth day today, with no immediate prospect of a solution, the Nigerian Ports Authority has said.

A ports authority official strenuously denied Nigerian Press reports that Apapa Wharf and Tin Can Island bad been crippled, following unofficial action by some of the 22 ships' pilots in Lagos.

Mr. Robert Napler, general manager of Elder Dempster in Nigeria, said "There may be some delays but basically, ships are moving." Three or four expatriate pilots were working, as was the Cbief Harbour Master. Dispensation bas been given to ships' captains wbo wisb to move their own ships.

But there are conflicting reports which say that less than balf the Nigerion pilots are following the strike. An official said that some of the 71 berths in Lagos were vacant, and that only 15 ships were waiting for entry before the weekend.

Negotiations are continuing with the men to get them back to work, a port official said, but the authority is refusing to recognise the body which represents the strikers.

The official pilots' union, the Nigerian Ports Authority Senior Staff Association, bas dissociated itself from the action, the official added.

The dispute began in April when the authority found itself short of tugboats for the increasingly busy Lagos Port. Its own were getting old and fonr new ones which had been ordered bad not yet arrived.

To tide tbem over until the new sbips arrived, the authority hired four tugboats on condition that they kept their Egyptian crews. Junlor port staff took exception to the presence of the Egyptians and went on strike until they were replaced by Nigerians.

The authority agreed to their demands and the strike ended after only three days. But some senior staff who bad been ordered to carry out the juniors' duties while they were on strike had refused, so the management sent them disciplinary letters, the authority sald. The present industrial action follows demands by the five men wbo recelved tbe letters to have tbem withdrawn.

Nigeria's ports have expanded considerably in the past few years. The opening of Tin Can Island in 1977 meant a rapid improvement in the waiting time for ships. Before its opening, an average of 92 ships were waiting for bertbs and the turnaround time was 33 days. That has since been shortened to about three weeks.

Japanese to use Chinese labour for Iraq project

TOKYO—Cbiyoda Cbemical Engineering and Construction Co. said it has reacbed agreement with China's Consruction Corporation to employ 700 Chinese workers for its oil refinery construction project in Iraq.

This is the first case of a Japanese concern using Chinese workers for an overseas construction project. The project calls for construction of a Y65bn (£124m) oil refinery capable of handling 150,000 barrels of crude oil a day, in Baiji, by the end of March, 1982, for Iraq's State Organisation for Oil Projects.

In Peking, Japan's Mitsui group has signed a five-year aconomic and technical co-operation agreement with China, a Mitsui spokesman said.

He aaid the agreement was aigned by Wang Yaoting, chairman of the China Council for the Promotion of International Trade, and Mitsui chairman Yoshizo Ikeda on bebalf of 23 separate companies in the Mitaui group.

Tbe agreement calls for the Mitsui companies to give tecbnical assistance to Chinese enterprises in the fields of light industry, agriculture, energy, chemicals and foodstuffs, but tbe spokesman said there was no concrete figure for the total value of the agreement.

Reuter

World Economic Indicators

		July '80	June '80	May '80	July '79
UK	000s	1,606.0	1,534.5	1,483.8	1,278.7
	%	6.6	6.3	6.1	5.3
		June '80	May '80	April '80	June '79
U.S.	000s	8,006.0	8,154.0	7,265.0	5,774.0
	%	7.7	7.8	7.0	5.6
Germany	000s	781.4	766.8	825.4	763.0
	%	3.4	3.3	3.6	3.3
Holland	000s	221.8	205.3	202.1	198.3
	%	5.2	4.8	4.7	4.8
		May '80	April '80	March '80	May '79
Japan	000s	1,090	1,180.0	1,240.0	1,110.0
	%	1.9	2.1	2.2	2.0
Belgium	000s	297.7	300.0	301.8	285.4
	%	11.0	11.1	11.2	10.6
		April '80	March '80	Feb. '80	April '79
France	000s	1,375.0	1,412.0	1,448.0	1,291.0
	%	6.2	6.4	6.6	5.8

SHIPPING REPORT

Dry cargo rates start to firm

By William Hall, Shipping Correspondent

FREIGHT RATES in tbe dry cargo markets bave started to strengthen after tbeir recent sharp fall. In the important U.S. Gulf-Europe grain trade, a 51,000 ton cargo was fixed at $16.50 per ton whicb compares with a benchmark figure of $15 per ton recently.

The coal trades, in particular, have been firmer. Denholm Coates, the London shipbrokers, reports that rates on the Hampton Roada/Japan run are about $21.50 per ton for August liftings, against a recent low of $20.25 per ton.

Rates of $22.50 per ton in the coal trades are being rumoured for September cargoes. Increasing congestion at U.S. East Coast loading ports (wbere 15-30 day delays are not unusual) coupled with tbe Australian miners' strike is putting pressure on cbarterers to find vessels.

Galbraith Wrigbtson, in its weekly bulk carrier report, is optimistic about tbe outlook for the market over the next month. However, longer term, the position is less clear. Only the coal trades seem destined to remain bnoyant.

Galbraith reports that non-Communist steel production in the first half of 1980 is 3 per cent lower last year, at 237.6m tons. This is in marked contrast to 1979 when world steel prodnction rose by 6 per cent and international iron ore sbipments rose by 8½ per cent.

The downturn in the world steel industry is still rather patchy. UK production fell 16 per cent in June and U.S. steel production was down by a similar amount during the first half of the year.

In tbe grain trades the outlook is ratber confused.

In the tanker markets, rates for the giant vessels bave been drifting lower. A ULCC was fixed at Worldscale 24 for a trip Westwards out of the Gulf and a smaller VLCC was fixed at Worldscale 27.

Scottish fishermen return to work

SCOTTISH FISHERMEN resumed fishing at midnight on Saturday after a five-day protest stoppage about last week's collapse of fish prices at the leading port of Peterhead.

At a meeting at Aberdeen on Saturday, representatives of the men voted both to end the stoppage, and to take further action in conjunction with English fishermen — who were not involved in last week's action— unless the Government responds satisfactorily to demands for help for the fishing industry.

Scottish and English fishermen have agreed to act jointly through an officially-backed British Fishermen's National Action Committee from August 9, unless the Government responds satisfactorily by August 8.

At Aberdeen 700 fishermen, representative of about 6,000 men from 21 ports, were told that proposals by the Scottish Fishermen's Federation, which had been in the hands of the Government for [illegible] days, called for subsidies on fuel and interest rates together with a national minimum price scheme.

Mr. Willie Strachan, skipper of the Aquila Peterhead and chairman of the fishermen's steering committee, described these proposals as "interim" measures pending a permanent longer lasting solution to the industry's problems.

Mr. Strachan stressed the importance of a united front of Scottish and English fishermen, but did not specify what action the fishermen would take from August 9 in the absence of an acceptable Government response.

Of the events leading to Saturday's meeting, Mr. Strachan said: "Market prices collapsed at Peterhead on Monday. Skippers from boats all along the coast called a meeting and called back from sea boats that had sailed because it was not sensible to sail for these prices."

Scottish fishermen's representatives have also agreed that all their boats should be in port and landed by Friday August 8, so that the delegates can meet with the Scottish Fishermen's Federation on August 9 to consider the Government's response to their demands.

The Scottish Fishermen's Organisation, whose withdrawal of its autonomous minimum price support scheme led to last week's prices collapse and subsequent stoppage, is to resume payments from today in anticipation of further finance from the Government. But the minimum for small, poor quality haddock under the scheme will be reduced to an uneconomic level to discourage landing of such fish.

Joseph move to transfer Rolls-Royce from NEB

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT has initiated Parliamentary procedures to transfer direct responsibility for Rolls-Royce, the State-owned aero-engine manufacturer, from the National Enterprise Board to the Industry Department.

This means that Sir Keith Joseph, Industry Secretary, will soon assume officially the direct responsibility which he has carried informally for the past six months.

He has laid a Parliamentary Order, in line with the new Industry Act, dealing with the financial aspects of the transfer. This will enable him first to acquire the company from the NEB, and secondly to deal directly with its financial problems.

The Order will be debated by MPs soon, either in the Commons or in a committee, and this will provide an opportunity for questions to be raised about the company's performance.

A senior management structure has been introduced by Sir Frank McFadzean, who succeeded Lord Keith as chairman earlier this year. But there is still concern about the company's finances.

The high exchange rate is partly responsible for many problems, and Sir Keith is expected to have to authorise fresh State funds.

The company is being taken away from the NEB following the row last November which led to the resignation of the NEB chairman and other directors of the board. Lord Keith insisted that the company should be directly controlled by the Government and won the argument during a bitter tussle with the then NEB chairman, Sir Leslie Murphy.

Sir Keith Joseph now has to decide whether to take BL out of the NEB. He has been told by Sir Arthur Knight, Sir Leslie's successor, that it is illogical for the NEB to retain the motor company, and it is likely that a transfer will be announced within a few months when detailed arrangements have been finalised.

In practice, both Rolls-Royce and BL have been monitored and controlled directly by Sir Keith's department since the row last winter, and Sir Arthur and his fellow NEB members have not been involved in any major decisions concerning the companies.

The NEB however does retain formal and legal responsibility till transfers are approved by Parliament. The Order laid recently to facilitate the Rolls-Royce switch transfers a £750m borrowing limit from the NEB to Sir Keith, reducing the board's limit from £3bn to £2.25bn.

Gillette saves £300,000 by energy conservation

BY MAURICE SAMUELSON

ENERGY CONSERVATION at Gillette UK's Reading and Isleworth plants has saved £300,000 since 1973.

Mr. Denis Sanan, managing director, writes in the latest issue of "energy management," published by the Energy Department that the savings are more than the company's entire fuel bill for 1973.

Seven saving projects are saving the company nearly £100,000 a year on a total investment of £230,000. At Isleworth, an estimated £53,000 a year is being saved since £200,000 was spent replacing oil-fired boilers with dual-fired gas or oil plant. New air valves on the factory's blade-wrapping machinery are saving £15,000 a year for an investment of £6,000.

Quick savings are also expected by the Express Dairy, which has installed new boilers at its Cricklewood and Morden depots in London at a cost of £388,000.

'Nuclear' complaint by Friends of Earth upheld

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE ADVERTISING Standards Authority has upheld a complaint against the South of Scotland Electricity Board for issuing an advertisement saying that "nuclear power is a friend of the earth."

The complaint was brought by Friends of the Earth, the environmental pressure group which is strongly opposed to nuclear power. The Friends said the advertisement had been a deliberate attempt to mislead the public.

When the advertisement appeared in April, members of the public asked Friends of the Earth whether they had changed their stance on nuclear power.

The SSEB said in its view the words "friends of the earth" were simply components of the English language and did not imply approval by the organisation.

But the ASA, upholding the complaint, said readers might infer that Friends of the Earth approved of the advertisement's views.

RAF relief increase

THE ROYAL Air Force Benevolent Fund spent £507,147 on relief work during the first quarter of this year, compared with £469,695 in the same period of 1979.

During the first three months of the year, expenditure to help present and past members of the RAF, their widows, families and dependants rose in England from £383,526 to £427,935.

Challenge to Lloyd's by underwriter

By Raymond Hughes,
Law Courts Correspondent

THE COURT of Appeal will today be asked by Mr. Christopher Moran, a Lloyd's underwriter and broker, to order Lloyd's not to continue disciplinary proceedings against him.

Mr. Moran will challenge a High Court judge's refusal last month to grant an injunction against Lloyd's.

The judge said there was an issue to be tried over possible bias against Mr. Moran by a member of a Lloyd's committee investigating complaints against him.

First stage

The judge said the respective strengths of Lloyd's and Mr. Moran's cases "militated against the grant of an injunction."

A preliminary investigation by a Rota Committee is the first stage in Lloyd's disciplinary proceedings, which could lead to expulsion.

Mr. Moran says it would be wrong for him to face disciplinary proceedings on the basis of an unfair preliminary hearing.

The Court of Appeal will also hear a cross-appeal by Lloyd's against the judge's finding on the bias issue.

Housing Corporation surplus

BY ANDREW TAYLOR

THE FINANCIAL affairs of the Housing Corporation — which administers Government grants and loans to the voluntary housing association movement — have improved considerably over the past 18 months taking the corporation into the black for the first time since 1977.

The corporation's annual accounts, due to be published at the end of this month, are expected to show an overall surplus of about £250,000. This compares with an accumulated deficit of £3.1m in 1978-79 and £7.5m in 1977-78.

In the 12 months ending March 31, 1980, the corporation is expected to show an operating surplus for the year of £7.4m compared with £3.7m in 1978-79.

The corporation, which administers finance to about 3,000 UK housing associations, has considerably tightened its financial and accounting procedures since it announced a £5.2m operating loss in 1977-78.

The corporation was criticised for the handling of its financial affairs in a report published by the Committee for Public Accounts in May last year.

Since then, the corporation has increased monitoring visits by its officers to housing associations. Last year around 260 visits were made, compared with only 70 in 1977-78. The corporation has made around 500 spot audit visits to larger housing associations.

Problems arose in 1977-78 because of the corporation's failure to balance adequately its long-term and short-term lending. The result was that the corporation found itself lending associations money at a lower rate of interest than it was paying to the National Loan Fund —the ultimate source of finance for the housing association movement.

It has now been agreed that the Housing Corporation will have access to both short-term and long-term borrowing from the Loan Fund — previously it had been confined to long-term borrowing over 40 years.

The corporation has been considerably successful in persuading housing associations to present their annual accounts within six months of their year end. This is something that associations will have to do once the new Housing Bill becomes law.

At the end of the last financial year loans to housing associations amounted to around £1.4bn of which more than £1bn was understood to relate to schemes under development. Lending to associations during the year amounted to around £480m.

However, the amount of money the corporation will have available to lend housing associations in the present financial year may be as much as a third lower than in 1978-79 after allowing for the effects of inflation.

Against this, the corporation will, under the Housing Bill, be able to raise extra cash through sales of homes while shared ownership schemes will also help to spread cash aid.

Home crisis predicted by 1985

FINANCIAL TIMES REPORTER

BY 1985 the country will be facing "its worst housing crisis for 20 years," Mr. Jack Straw, Labour MP for Blackburn, claimed yesterday in a swingeing attack on Government housing policies.

Mr. Straw claimed Mr. Michael Heseltine, Environment Secretary, failed to publish projections for future housing supply and demand levels because these would reveal the full impact of Government policies on the country's housing needs.

Andrew Taylor writes: Speaking at national conference in Nottingham arranged by Shelter, the organisation for the homeless, Mr. Straw said it was the first time since the war that an Environment Secretary had failed to produce an estimate of the likely level of local authority housing starts.

His criticisms come just days before the findings of a Commons Select Committee on housing expenditure are to be published.

Mr. Straw said the Secretary of State in giving evidence to the committee had faced questions from MPs from his own party about the lack of projections for capital spending on housing and the impact of this on the housing market.

"The reason Mr. Heseltine does not want to publish forecasts is not because the results of his plans are too difficult to predict, but because they are all too easy to predict and would form the basis for judgment to be made on his policies," Mr. Straw said yesterday.

He said forecasts by the building and civil engineering economic development committees — "supported by data from the Treasury's model of the economy" — suggested public and private sector housing starts would not exceed 200,000 a year between 1980 and 1985.

This compared with projections in the 1977 Government green paper, Housing Policy Review, which estimated that the country's housing stock would need to increase up by to 335,000 dwellings a year between 1981 and 1986.

Mr. Straw said Government policies meant a weekly shortfall of "at least 100,000 dwellings per year below widely accepted projections of demand" over the next five years.

The Department of the Environment said yesterday it was impossible to predict how much local authorities would spend on providing new housing because of changes in the system of funding, which give them more freedom in allocating housing investment budgets among new building, refurbishment and providing council mortgages to the private sector.

The Secretary of State had also declined to estimate future capital expenditure on housing to allow himself the greatest flexibility possible in the present economic climate.

Councils confront Heseltine

BY ROBIN PAULEY

MINISTERS FACE a very embarrassing meeting today with local authority leaders over growing muddle and confusion in the Government's plans on financing of local government.

Main subjects at this meeting, of the Joint Consultative Council on Local Government Finance, will be civil servants' papers on standard expenditure assessment and the mechanisms of the block grant scheme which will replace the present system of rate support from 1981-82.

Council leaders say these papers, the first official exemplifications of how the system is to work, give them an opportunity to say "we told you so" to Treasury and Environment Ministers, particularly Mr. Michael Heseltine, the Environment Secretary, and Mr. Tom King, Local Government Minister.

The councils' associations have always insisted that block grants would not work as the Government intended, and that it was using arbitrary methods of assessment based on inaccurate assumptions and poor data which would produce absurd results requiring further arbitrary mechanisms to correct them.

In many ways today's papers confirm both points. Civil servants have given up trying to produce a scheme easier to understand than the present.

They also concede that block grants cannot be made fully workable in time for 1981-82.

It would have to operate very much on an ad hoc basis at least for the first year.

The Government hopes to make it more sophisticated by 1982-83 but some senior officials rue the day that detailed work on block grants began.

Ministers will have to work hard to defend the statistical purity of the processes used to assess spending need. A number of abritrary factors have been chosen to identify, for example, assessment of education spending need. Out of 37 different possible schemes one has been chosen at random for exemplification, with no explanation as to why, or whether, it is preferable to the other 36.

The local authorities may try to embarrass Ministers further on the mess they have got themselves into over alleged overspending by councils. Mr. King said in the Report Stage of the Bill in the Commons that an announcement on which councils would be penalised this year had again been deferred, this time till September.

It looks increasingly likely that it will be impossible to penalise anybody for overspending this year. The worst offender on one list, the London Borough of Camden, is overspent by 123 per cent. On another list, the Government's latest comparison of 1980-81 budgets with a 2 per cent cut on 1978-79 actual expenditure, Camden is overspent by only 2.2 per cent.

Newcastle on Tyne, worst provincial overspender, is 50 per cent over on one list but 5.8 per cent on another.

CONTRACTS AND TENDERS

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Domtar close mill and lose 400 jobs

BY WILLIAM HALL

DOMTAR, Canada's third biggest paper maker, is pulling out of paper-making in the UK and closing its Sunderland mill with the loss of 400 jobs.

The Sunderland mill, known locally as the Hendon Paper Works, is the latest casualty in the crisis confronting the British paper and board industry. Last week John Dickinson Stationery announced plans to shed 630 jobs; over 3,000 redundancies have been announced in the industry this year.

The Hendon Paper Works has been making paper for over 100 years. In 1962 Domtar paid £1.3m for the private company to get a foothold in the British market before the country joined the EEC.

The mill, which produces 20,000 tonnes of fine paper a year, has been losing money for some time.

The Canadian parent predicts a cash outflow of £2m this year and £1.8m next year. It blames low orders, increasing energy and material costs, and cheap imports.

Domtar says it tried to sell the mill as a going concern but found no buyers. It has told the trades unions the mill will close by the end of October.

Domtar is also closing the Sunderland mill's related sales office in London, but will continue to own and operate Howard Smith Merchant Group, based in Hemel Hempstead, Hertfordshire.

The growing number of mill closures and redundancies is causing concern in the paper industry. Bowater, Britain's biggest newsprint producer, has said that unless it gets some assurance of Government assistance for its mill at Ellesmere Port by Thursday, it will probably have to close it, which will mean a loss of 1,500 jobs on Merseyside.

Last week, the British Paper and Board Industry Federation and the chief executives of Britain's four biggest paper makers pleaded with Sir Keith Joseph, the Industry Secretary, for temporary import controls and lower energy prices.

Call for urgent review of capital gains tax

BY TIM DICKSON

A CALL for an urgent review of the effect of capital gains tax on companies—especially those with subsidiaries—has been made by the London Chamber of Commerce.

The Government should index capital gains tax or alleviate the effects of inflation by some form of "tapering" this year, says the Chamber in a letter to the Chancellor of the Exchequer, Sir Geoffrey Howe.

"If the inflation factor cannot be resolved, steps should be taken to revise the way in which capital gains can affect those using corporate structures."

The Chamber says it is wholly unjust that given an increase in inflation since 1965 of more than 400 per cent, a company selling an asset at no profit in real terms, has to pay a tax charge on the proceeds.

Dismissing the Inland Revenue's argument that companies rarely pay capital gains tax because of roll-over relief for trading assets the Chamber says this is in no way a justificatioo for failure to put the tax on a defensible basis.

The disposal of major assets such as factories is dictated by commercial and financial needs. The timing of reinvestment is a particular bazard for smaller companies and with the accumulation of rolled-over gains, the problem is becoming more acute.

The Chamber says that roll-over relief is not available in cases where a group finds it necessary by selling shares to dispose of a business run by a separate subsidiary company. "If capital gains tax is payable there is then a danger of cascading tax because of the group's structure. In a situation where the tax is falling on real profits this is intolerable."

The Chamber says the fairest thing would be for companies to pay no gains tax at all. But it would be a move in the right direction if gains tax was allowed to rank fully as advaoce corporation tax to frank dividend payments.

'Drugs bill still could be cut'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

PHARMACISTS say the national drugs bill could be cut by at least £80m a year if they were allowed to substitute cheaper medicines for the almost identical brands prescribed by doctors.

The Pharmaceutical Services Negotiating Committee bas called on the Government to give retail chemists greater discretion when dispensing prescription medicines. The demand is part of a package of proposals aimed at giving pharmacists a more active role in bealth care.

Mr. Alan Smith, the committee's chief executive, said at the weekend that there were often "two, three or four medicines available, all having the same chemical nature and the same effect — but at vastly different costs to the National Health Service."

Retail chemists should be allowed to dispense the cheaper drugs unless a doctor bad specified on a prescription that no alternative should be given.

Mr. Smith said most bospital pharmacists bad the right to prescribe cheaper alternatives and they bad saved the health service money.

Cost would not be the only criterion. Chemists would only substitute one make of drug for another if their professional judgment convinced them that the two products were of equal quality.

Last year the bealth service drugs bill was about £800m, and it is expected to be £1bn this year.

But the Association of the British Pharmaceutical Industry said at the weekend that it estimated only £25m a year would be saved

The Pharmaceutical Services Negotiating Committee's package of recommendations, which bas gone to Dr. Gerard Vaughan, Health Minister, calls for:

- Chemists to make bome visits—particularly to the elderly and disabled who need advice on the dosage and storage of medicines.;
- chemists to monitor patients' blood pressure;
- retail pharmacists to test for pregnancy;
- chemists to keep patients' records. The committee says this could stop patients taking two different sets of drugs which might have a barmful effect when taken together;
- chemists to be able to repeat prescriptions without necessarily having to refer back to the doctor. The committee says 27 per cent of repeat prescriptions are currently written by doctors' receptionists with the GP merely signing them;

THE DRUGS companies association bas turned down an invitation to take part in a BBC radio programme due to be broadcast tomorrow. It objects to the title Prescription for Bankruptcy and says the producers appear to have made up their minds on the issue.

GPs' wives' pay setback

BY ROBIN PAULEY

HOPES THAT the Government might soon extend the system of payments to doctors' wives for their help in running practices has faded, the British Medical Association said.

An amendment to the Helath Services Bill, which reaches report stage in the House of Lords today, proposes an extension of the payments scheme but leaves everything to the Health Secretary's discretion. It bas been tabled by Baroness Young with the support of Baroness Masham.

Dr. John Ball, chairman of BMA General Medical Services Committee, said last night: "The amendment contains no date for implementation and gives wide discretion to the Government about bow this problem should be dealt with."

David Churchill reports on the revolution in supermarket checkout systems

Tesco joins the great laser race

THE TESCO stores group has confirmed that it will atart its first trials of a laser-scanning electronic checkout system in October, several months later than was originally intended.

Tesco had planned to be one of the first of the big supermarket chains to introduce an operational laser-scanning system in its stores. But Key Markets, J. Sainsbury, and International Stores already have trial schemes in operation, while Asda is believed to be starting its trials within the next few weeks.

Tesco says it has decided to postpone its trials until the autumn because it hopes that by then more products will have the unique bar-code printed on them by manufacturers, and that it will thus avoid the expense of itself labelling goods with the special codes.

Mr. Donald Harris, a Tesco director and chairman of the Article Number Association (ANA), said he expects some 70 per cent of supermarkets sales by volume to have bar codes printed on them by the manufacturer by early next year.

Under the new laser-scanning system, each grocery or non-food product sold in a modern supermarket will have a unique 13-digit number allocated by the association. Each number will identify the manufacturer and full details about the product, including size and weight for example.

The ANA has some 10bn numbers available for UK manufacturers, so there is no danger of a shortage of numbers in the forseeable future.

The 13-digit number allocated to a product is translated into a series of short lines or bars of varying thickness, which are then printed on the products by manufacturers as part of the normal packaging.

The cashier passes each item over a lower-power laser scanner built into the checkout; this reads the bar-code and transmits the information to an in-store computer linking all the checkouts.

The store's current price for the item is then fed back to the checkout by the computer, and is shown, together with a description of the item, on a visual display panel next to the cash register. At the same time, the information is listed automatically on the till receipt, which prints both the name of the item and the price.

Because this process takes only a fraction of a second, and because the cashier does not key in prices manually, the whole checkout operation should be both faster and more accurate than under conventional systems.

There remains little doubt among most of the large supermarket chains that the introduction of laser-scanning electronic checkout technology represents the biggest challenge facing the grocery industry in the 1980s.

Many in the trade believe that the impact of the new technology will be as significant as the introduction of self-service supermarkets in the 1950s and 1960s.

But it is not entirely because of the desire for smaller checkout queues that the supermarket chains are willing to invest over £10,000 per checkout in the laser-scanning systems. The supermarkets are also looking for substantial financial savings over and above the cost of the new technology.

Laser-scanning means that goods can be closely monitored from the store's back door right through to the checkout. The computer can keep a continuous and accurate check on stock levels, and alert the store management to potential shortages.

Although no accurate financial quantification of the costs saved has been made in the UK, a survey in the U.S. by the McKinsey company suggested total savings, after allowing for costs, of about 1.5 per cent of total turnover. For a company the size of Tesco—which had annual sales last year of £1.5bn—this would mean an extra £22.5m profit.

A recent survey by the Institute of Grocery Distribution pointed out that changed circumstances since the McKinsey study "enhanced the attractiveness to retailers of such point of sale systems, and must reduce the payback period from the five years estimated by McKinsey."

But the key to the successful introduction of the new checkout systems lies in the speed with which manufacturers are prepared to print bar-codes on their products. The ANA has almost 600 companies in membership, two-thirds of whom are manufacturers who produce the bulk of food products sold in the UK.

The incentive for manufacturers to print bar-codes on their products is that after the systems become fully operational they will have access to sophisticated sales data about their product's performance.

Other electronic checkout systems, such as an optical character recognition system currently being developed in Germany, are unlikely to be in a position to gain a foothold in the UK market since they will be several years behind the laser-scanning system.

But even if the current extensive trials of the laser-scanning systems go as planned—and early results suggest that they will—it is likely to be at least another two to three years before laser-scanning in the supermarket becomes an accepted feature of High Street shopping.

Congress to step up battle

BY PAULINE CLARK, LABOUR STAFF

THE WHOLE range of Government economic and employment policies — and in particular trade union legislation — will come under furious attack at the TUC Congress to be held in Brighton in September.

But the preliminary agenda of this year's congress suggests commitment to a continuing argument rather than to a major campaign of industrial confrontation aimed at forcing a showdown with the Government.

Opposition to the Employment Bill is, however, strengthened by two calls for industrial action if necessary in a campaign to defeat its provisions from the National Union of Mineworkers and NATSOPA, one of the leading print unions.

While the NUM calls for "complete and outright" rejection of the Bill with a TUC leaders' campaign of non-co-operation including industrial action if necessary, NATSOPA demands a vigorous public campaign including support for action "against this piece of vicious anti-trade union and anti-democratic legislation."

The 2m strong Transport and General Workers Union leads the debate on unemployment with a condemnation of the Government's "deliberate strategy to take the number of unemployed to 2m and beyond in an attempt to force working people to carry the burden of its economic policies."

The 1.2m-strong Amalgamated Union of Engineering Workers urges a campaignu to force the Government to change its economic policies, including pressure for selective import controls, more regionals aid and an end to public spending cuts.

The union will also lead a call for a continuing TUC commitment to free collective bargaining although the division of opinion among trade unions on the issue is underlined by a motion from the Iron and Steel Trades Confederation "recognising the need for incomes policy" in a planned economy.

Printers reject Observer offer

BY PAULINE CLARK, LABOUR STAFF

THE FUTURE of the Observer remained in the balance yesterday after the newspaper's 25 machine managers rejected a new pay deal against the advice of their union leaders.

Leaders of the National Graphical Association are expected this week to seek urgent intervention by Mr. Len Murray, general secretary of the TUC, in the face of closure threats by management."

Journalists entered the dispute yesterday with a warning that any management decision to issue individual notices to staff could precipitate action by members of the National Union of Journalists Atlantic Richfield, the paper's American owners, earlier this month issued formal 90 days' notices of closure.

The management peace formula aimed at securing co-operation for production of a bigger paper was unanimously rejected by the NGA chapel at a special meeting before the start of the Saturday-night production shift.

The formula worked out between NGA national leaders and management at a meeting last week under the umbrella of the Advisory Conciliation and Arbitration Service took one hour off the 15-hour production shift, but made no improvement on a £100.13 offer to produce a 64-page paper.

● The dispute over blacked copy at Reuters, the international news agency, worsened at the weekend when 150 journalists went on official strike, leaving executives to maintain the service's news output.

National officers of the NUJ intervened on Saturday when management sent home 13 journalists for refusing to handle copy from the agency's New York operation, where a strike over pay has been called.

Managers' plan to save Doxford

By Our Labour Staff

UNION REPRESENTATIVES of shipbuilding managers yesterday accused British Shipbuilders and the major industrial unions in the industry of reaching a "premature" agreement on ceasing engine work at Doxford Engines, the North-East marine diesel engine company.

The attack on management and on the Confederation of Shipbuilding and Engineering Unions (CSEU) is contained in a special study of alternative ways of saving the company, published by the Shipbuilding and Allied Industries Management Association.

The association forms the shipbuilding arm of the Engineers' and Managers' Association (EMA), which last month withdrew its request to join the CSEU

Musicians' protest

MUSICIANS in Belfast said they would continue picketing their local BBC headquarters in spite of the Musicians' Union's agreement to ballot its 550 members on BBC management's new proposals for amalgamating the BBC Northern Ireland Orchestra and the Ulster Orchestra and saying the Scottish Symphony Orchestra and the London Studio Players. Scottish musicians said they would urge rejection of the proposals.

July grocery prices marginally higher

BY OUR CONSUMER AFFAIRS CORRESPONDENT

GROCERY PRICES in shops were marginally higher in July than last month, according to the latest Financial Times grocery prices index today.

The July index rose to 129.04 compared with 128.53 in June. The slight increase was mainly due to small price rises in all sections of the shopping basket covered, rather than to any major increase in a particular area.

The index shows that food prices have maintained relative stability in the past three months compared with the sharp increases in the first few months of the year.

The FT grocery prices index shows the trend in food prices, rather than acting as an absolute indicator of price levels. It is based on data collected each month by 25 shoppers who monitor the same lists of 100 items in the same shops.

The shops chosen range from superstores to small village grocers throughout the country.

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FINANCIAL TIMES SHOPPING BASKET
JULY 1980

	July £	June £
Dairy produce	626.71	623.65
Sugar, tea, coffee, soft drinks	198.73	195.32
Bread, flour and cereals	293.43	295.54
Preserves and dry groceries	105.46	104.12
Sauces and pickles	49.39	49.11
Canned goods	190.67	189.44
Frozen foods	229.24	227.80
Meat, bacon, etc. (fresh)	535.61	537.93
Fruit and vegetables	275.97	276.33
Non-foods	233.40	232.26
Total	2,743.61	2,732.80

Index for July: 129.04
1979: January 108.54; February 108.65; March 109.12; April 110.88; May 113.59; June 116.02; July 114.79; August 114.16; September 114.17; October 114.95; November 116.36; December 118.74.
1980: January 120.47; February 122.32; March 124.18; April 125.94; May 128.79; June 128.53; July 129.04.

Domestic appliances face gloomy outlook

BY ELAINE WILLIAMS

A GLOOMY PICTURE has emerged for the domestic appliance industry as declining consumer spending and low-cost European imports continue to hit manufacturers' sales.

May figures from the Association of Manufacturers of Domestic Electrical Appliances show a continuing decline in trade deliveries.

Compared with the same period last year deliveries of freezers has fallen by 37 per cent; cookers 30; small appliances 47; and automatic washing machines 37 per cent.

Deliveries of vacuum cleaners fell by 22 per cent in May against 1979. The association is seeking an EEC inquiry into alleged dumping by East European manufacturers. Since early this year imports have leapt from 22 to 30 per cent.

Mr. J. P. Collia, director of the association, said: "We remain deeply worried by the erosion of certain markets by imports at unfair prices, and early indications of June and July deliveries also show the downturn in consumer buying."

Many domestic appliance manufacturers have imposed short time working.

Burco-Dean has 300 of its workers on short time. Hotpoint, a subsidiary of the General Electric Company, has made 620 workers at two domestic appliance factories redundant.

About 2,000 workers at Tube Investments' domestic appliance division, which produces Creda cookers and Ascot water heaters, are on short time because of a slump in orders.

● Criticism of British Gas Corporation's virtual monopoly in sale of domestic gas appliances in a report by the Monopolies and Mergers Commission due for publication this week could lead to the Government's deciding to hive off over 900 showrooms operated by British Gas in an attempt to improve price competition for gas-cookers and water- and space-heaters.

British Gas accounts for at least 95 per cent of all gas-cookers sold in the UK, 84 per cent of space-heaters such as gas fires, and 78 per cent of all water-heaters. It has just under a third of the market for gas central-heating systems.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Aug. 1-4	Scottish Furniture Trades Exhibition (041 649 1954)	Kelvin Hall, Glasgow
Aug. 3-7	International Gifts Fair (01-855 9201)	Olympia
Aug. 13-15	Computer Graphics Exhibition (09274 28211)	Metropole Hotel, Brighton
Aug. 14-25	Ideal Home and Leisure Exhibition (0202 20327)	Newcastle University
Aug. 17-23	British Music Fair (01-855 9201)	Olympia
Aug. 17-20	The Piano and Electronic Organ Trade Fair (01-428 1590).	The Connaught Rooms, London WC2
Aug. 20-23	Ideal Home and Trade Exhibition (06333 64588)	Leisure Centre, Pontypool
Aug. 20-25	Modern Homes Exhibition (0253 54676)	Guildhall, Preston
Aug. 23-25	Trade and Entertainments Exhibition (0689 36431)	Moat Park, Maidstone
Aug. 23-30	International Motor Cycle Exhibition (0203 27427)	Earls Court
Aug. 31-Sept. 4	Giftware and Fashion Accessories Trade Fair (08833 4371)	Bristol Exhibition Centre
Aug. 31-Sept. 4	International Watch, Jewellery and Silver Trades Fair (01-837 3636)	Earls Court
Sept. 1-4	International Environment and Safety Exhibition and Conference (0727 55574)	Wembley Conference Centre
Sept. 1-5	London Nursing Exhibition and Conference (01-643 8040)	Royal Festival Hall
Sept. 2-5	International Carpet Fair (021-705 6707)	Harrogate
Sept. 7-12	International Hardware Trades Fair (0727 63213)	Olympia
Sept. 9-20	Chelsea Antiques Fair (0727 56069)	Chelsea Town Hall
Sept. 11-19	International Printing Machinery and Allied Trades Exhibition—IPEX (021-705 6707)	National Exhibition Centre, Birmingham

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Trade Fair (until August 3)	Dornbirn
Aug. 8-17	Modern Family Exhibition (02013 4450)	Hamburg
Aug. 10-14	National Hardware Show	Chicago
Aug. 11-17	International Fisheries Fair	Oslo
Aug. 19-Sept. 4	International Exhibition of Agriculture and Food Industry—OMEC	Budapest
Aug. 20-Sept. 20	International Fair	Izmir
Aug. 22-24	Wellington Home Show	Wellington, New Zealand
Aug. 23-27	World Woodworking Exposition	Atlanta
Aug. 26-29	Offshore North Sea Technological Conference and Exhibition	Stavanger
Aug. 30-Sept. 3	International Bridge and Structural Engineering Exhibition	Vienna
Sept. 4-9	Jewellery, Gold, Silver, Clocks and Gifts Exhibition—BIJORHCA	Paris
Sept. 6-9	International Leather Week (01-439 3964)	Paris
Sept. 10-18	International Engineering Fair (01-278 0281)	Brno
Sept. 12-21	International Autumn Fair (01-486 1951)	Zagreb
Sept. 16-20	International Tunnelling Industries Exhibition and Conference—EUROTUNNEL (0727 63218)	Basle
Sept. 17-26	International Office Equipment Exhibition—SICOB (01-439 3964)	Paris
Sept. 18-Sept. 23	International Exhibition for Automobile, Motor Car Workshop, Service Station and Garage Equipment—AUTOMECHANIKA (01-734 0543)	Frankfurt
Sept. 19-24	International Food Industry and Non-Food Products Exhibition—IKOFA (01-486 1951)	Munich

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
July 28-Aug. 15	Compower Training School: Basic COBOL (Cannock 2511)	Cannock, Staffs.
Aug. 3-Oct. 24	Bacie: Overseas Training Officers Programme (01-636 5351)	Oxford
Aug. 4-6	MSS: Inventory Management and Control (Worthing 34755)	Worthing
Aug. 6	LCCI: Middle East and North Africa Section "At Home" (01-248 4444)	Cannon St., EC4
Aug. 7-8	British Institute of Management: Effective Speaking—Practice and Coaching using Closed Circuit TV (01-405 3456)	Parker Street, WC2
Aug. 10-24	University of Western Ontario: The 1980 International Symposium on Solar Energy Utilization	Ontario, Canada
Aug. 11-15	CCC: Practical Introduction to UK Business Law (01-222 6362)	Trinity Hall, Cambridge
Aug. 11-12	MSS: Principles of Work Study and Incentive Schemes (0903 34755)	Worthing
Aug. 11-22	CEI: International Financial Management Seminar	Geneva
Aug. 18-19	The British Institute of International and Comparative Law: Multinational Corporations and the International Law Standard (01-636 5802)	Royal Garden Hotel, W8
Aug. 26-28	FT Conference: Aerospace into the Eighties and Beyond (01-621 1355)	Royal Lancaster Hotel, W2
Aug. 28-29	BIM: Rapid and Efficient Reading (01-405 3456)	Parker Street, WC2
Sept. 1-3	Brunel Institute of Organisation and Social Studies: Understanding Production for non-production managers (0895 56461)	Uxbridge
Sept. 3	Cyril Aydon Associates: Current Cost Accounting—the New Standard (seminar for financial specialists only—Banbury 720124)	Stratford-on-Avon

John Lloyd examines a French report on the implications of computerisation

Why dirigsme still rules in France's micro revolution

INDUSTRIAL societies stand upon technologies which produce and transmit energy and information; their development has depended, and depends still, upon continuing breakthroughs in each of these spheres.

An expanding branch of history, in particular that which has been touched with the discipline of sociology, now concerns itself with the effects of *energy and information* technologies on human societies. Among the key innovations are, *on the energy side*, steam power, electricity generation and transmission, the internal combustion and jet engines; on the information side, printing, the telegraph, the telephone, radio and television broadcasting and the computer.

We are now living through the early manifestation of another key shift, one probably greater than any of those noted above. For the first time, we are fully aware of its occurring, and are thus less likely to become its victims, or be mere unthinking actors in its progress.

The French have coined a word for this shift: *télématique* (telematics). Telematics is the increasing interconnection between the computer and telecommunications: the creation, across the developed world and into the developing one, of a network of communication, logic and memory which can transmit messages instantly, perform calculations in milli seconds and store volumes on slivers of silicon.

The French havea lso produced a report on it, which is now, two years after a successful launch in its country of origin, available in translation as "The Computerisation of Society."

It is better known as the Nora Report. Simon Nora, a senior French civil servant, was informed, in 1976, by President Giscard that "the applications of the computer have developed to such an extent that the economy and social organisation of our society may well be transformed as a result"; and was commissioned to "stimulate thinking on how the computerisation of society should be carried out."

The rubric under which he laboured was clear. It was accepted by Government that great transformations in economic and social life *would* occur; and it was implicitly accepted, too, that Government had the major role to play in guiding these changes.

Mr. Nora reported to his president in January 1978 that telematics would:

- "Alter the entire *nervous* system of social organisation."
- "Bring with it a substantial increase in productivity, which in the beginning will also increase unemployment, particularly in the public services sector."
- Would "become as indispensable to aociety as electricity."
- Allow "the decentralisation or even the autonomy of basic units."
- Find itself "at the heart of the power game through the movement it generates in information networks. It shifts the balance between rival markets and among municipalities. It influences certain professions by *modifying* their *aocial status*. It increases contact between social groups and the vulnerability of large ones."

Telematics, in Nora's view, is the steam power of the late 20th century, tearing down old barriers in work organisation and social customs, throwing up new relationshipa between individuals and groups, between groups and authority.

He says its consequences will be wider than those of steam power, wider than those of electricity. "Unlike electricity, telematics will not transmit ao inert current but will convey information, i.e. power . . . telematics will not only be an additional network but a different one as well, blending picture, sounds and memories and transforming the pattern of our culture."

President Giscard's commission lo Nora contained the admonition that France "should be in a position both to foster this development (telematics) and to control it." In short, a plan was called for. Nora was enjoined to plan both for the economy and for the culture. Apparently undaunted, he started with the economy.

Hia main concern here is the promotion of greater productivity in both the manufacturing

We are now living through the *manifestation of* another key shift . . .

and the service sectors, even though such increases would cause unemployment to grow in the short term (Nora is certain of this) and would carry no guarantee of increased, or even maintained, employment levels in the long run. The effects *depend upon* "a balancing act, the outcome of a race between the reduction in manpower linked to increased productivity, and the increase in markets resulting from a higher degree of competitiveness."

Influencing this "balancing act," for France as for the other industrialised countries, are the familiar pressures of low-cost labour competition, high technology competition and government-subsidised competition. These force the older industries (steel, engineering) back on to *the defensive, and to re-equip.*

But this re-equipment, which is in many cases a process of shifting to computerised production methods, must be "all or nothing": a half-hearted attempt is worse than useless. "If a branch of French industry . . . tries to rationalise without succeeding in reducing costs to the level of its rivals, it multiplies the constraints (massive efforts at investment, reduction of employment), without bringing about a corresponding expansion of its outlets . . . great discernment is therefore required in *choosing loopholes* to be exploited . . ." picking winners, in other words.

It should be parenthetically noted that, under the French Government's seventh plan, the "loopholes to be exploited" have been chosen with apparent discernment, and backed to the hilt. The Government has heavily supported its telecommunicationa and electronic industriea, especially the former, and has seen *large* orders won abroad, together with a dramatic improvement of the telephone *network at home*.

The state is supporting not one, but three microelectronic ventures; it recently blocked a move by UK Thorn/EMI to buy the largest French TV rental chain because it fitted in with the telematique strategy; and it puts more money into the principal computer company, Cii Honeywell-Bull in a year than ICL, the UK equivalent, has had in a decade.

Naturally, these interventions are made with the more-or-lesa precise intention of raising productivity and improving the trade balance. Yet here (to return to theory), as Nora sees it, cultural and economic concerns merge—particularly round the massive questions posed to the French (or any other) telematics strategy by IBM.

Nora is as lyrical over IBM as *Marx*, in the Communist Manifesto, was over capitalism: "The company has played the multinational game more intelligently than any other . . . it decentralises its industrial and commercial activity but retains control over its essential strategies in research, investment and marketing. . . ."

The major shift in IBM's position, Nora remarks, is from being a manufacturer of data processing equipment to being a supplier of complete information networks. By doing so, it has ceased simply to *dominate* the computer industry and is now poised to invade the aphere of Government.

"As a manufacturer and seller of machines, IBM had customers and a few rivals. As a controller of networks, the company would take on a dimension extending beyond the strictly industrial sphere; it would participate, whether it wanted to or not, in the government of the planet. In effect, it has *everything* it needs to become one of the world's great regulatory systems . . . States were formed to establish within their boundaries an acceptable balance between the great economic and social rivalries. But the internationalisation of the stakes means that today no economic Gallicanism is sufficient to keep Rome out of Armonk (IBM's headquarters)."

The passage is worth careful note because it illustrates a central point: telematics, of all the technologies which have had a dynamic effect on the cultures they "invaded," is possaibly the most dynamic because it encodes, transmits and makes available the most obvious product of culture — human knowledge. Thus how knowledge is encoded, to and from whom it is transmitted and how widely it is made available must be a matter of consuming interest to states, or to groupings of states — like the EEC.

Telematics can, of course, be "hought in" like other technologies—as the steam engines of Victorian Britain were hought in by the rest of the world, or as the obscure Japanese company of Nissan bought in production engineering equipment from the famoua Austin company to make the equally obscure Datsuns in the 1950s.

But there the parallel ends. For buying in to telematics actually means hooking in to a system—a world regulatory system, as Nora would say—and thus the opportunity for turning the tables on the original supplier of the machinery is limited, if not made wholly impossible.

Hence the need, amply stressed by Nora, to create counter-systems in order to bargain from a position of some atrength; to create forums to determine, as he puts it, "the mode, the rate and the attributes of computerisation"; to use software standardisation as a means of combating IBM's *(and other computer* mannfacturers') strategy of locking its clients in to its own, unique system; and *to launch* satellites

Telematics . . . is the steam power of the late 20th century

in order to ensure continuing control of communications traffic.

All of this is hetter done — or indeed, *only* done — with transnational co-operation. Nora notes, but does not expand on, *this* aspect.

In a final section, Nora makes his largest claim: that the "*information society*" *will* replace the two major ideologies of our epoch — the Liberal and the Marxist.

He dismisses both of these—the first gives a vision of the future ending with "a post-industrial society . . . (assuming) that affluence and the growing equalisation of standards of living will make it possible to build the nation round an immense, culturally homogeneous, middle class and to overcome tensions"; while the second rests upon "a simplistic, all-encompassing and rigid view of power relationships . . . the goal of history, the classless society, is reached quite simply by the collective appropriation of the means of production."

The "information society," in contrast, will have tensions, but not the consuming, hipolar one assumed by Marxism. "It is *the* locus of an infinite number of decentralised, unexpressed conflicts that do not respond to unifying analysis . . . the longer history continues, the more people make it, the less they know what history they are fashioning."

A report written in Britain, whether by a liberal, a Marxist or even a telematician like Nora, might not have been so confi*dent of the anachronism* of the struggle between capital and labour.

Nora was *evidently* impressed by the student revolts of 1968, characterising them as "the first sign of this transformation . . . demonstrating tensions foreign to the world of production." It is not surprising that a senior French intellectual should have been moved by the rebellion of his junior replacements; Britain showed only an echo of that revolt, and the new leftism it popularised never replaced the trade unions and labourism as the dominant characteristics of the British left.

Indeed, the *largest* silence, to Britisb ears, is the voice of labour in this report. A British official report would be pitched at a lower philosophical level: but it would give trade unions a mention, even if only as a ritual, bureaucratic genuflection.

What value, fioally, does such a curious amalgam of reflections, connections and prescriptions masquerading as a report to the President have for other couotries? Possibly a two-fold one: first, it most certainly fulfils that part of its brief which calls for the stimulation of thought, and if not all of the thoughts stimulated are focussed on telematics, *this* is becaue telematics is pervasive in its effects.

Second, Nora is a *plan*, or rather part of the seventh plan (begun in 1976) which emphasised so heavily the development of new technologies: as well as its dramatic alarms and excursions, it has passages of detailed argument for particular policies, and in the end makes a good case for a ministry of information technologies. It is thus unselfconsciously and unequivocably *dirigiste*, accepting completely the state's major place in regulating and developing the developments which telematics brings.

The distinction between this approach and that adopted by the present UK Government need not be stressed. The computerisation of British society proceeds not so much in an unplanned way, as in a way covered by various, often com*peting*, long and short range strategies, public and private, some of them remnants of the previous Goveronent's attempts to "do a Nora."

In this sense, it approximates to Nora's description of the Liberal approach — "a system of regulation (by the market) without a plan."

The Computerisation of Society; by Simon Nora: MIT Press, £7.75.

Louis Kleber offers advice to would-be employers

When in the U.S. . . .

THE considerable growth of foreign investment in the United States in recent years has created a whole panoply of vital considerations for foreign top management. Yet if corporate concern is *limited* to market penetration, plant location, distribution facilities and the like, it can *result in* costly oversights involving the significant area of employee benefit pro*grammes*.

While Americans are particularly reliant on the private enterprise *system* to meet needs related to illness, disability, death and retirement, employers have been increasing their dollar outlay on benefits at a much faster pace than wages in recent years.

What does this mean for the board of directors of a British bank, a German chemical firm, and a Japanese electronics company, all with substantial U.S. operations? They are all competing for skilled personnel in the U.S. labonr market. Bnt they may gravitate towards American companies for two key reasons:

1—There is, generally, a feeling of permanence about the American company since it will not suddenly transfer a major operation to another country; and

2—The potential for personal advancement is felt to be greater since top management is American.

These factors put a special burden on foreign management to adopt very competitive cash compensation and benefit programmes. The key questions, therefore are *how* far should a company go and what are the industry standards against which *some measure* can be taken for study and adoption of a *total* compensation pro*gramme*.

These and other important questions have sometimes been over*looked* by large foreign firms. Some cases in point include a European company which acquired an American firm but only after the purchase agreement was signed decided to engage American actuaries to find out what liabilities existed nnder the seller's pension plan.

It was lucky. Past service liability for existing employees was minimal, but it could have been on the hook for several million dollars.

In another case, a Far East firm installed an unduly generous (and expensive) dental plan for its American employees, but failed to make any provision for death benefits: a much more important area.

A Canadian firm which opened an operation in the U.S. and simply extended the Canadian benefits programme to its American employees found that for a host of reasons it did not work out. For example, medical claims had to be submitted to Canada with attendant administrative, exchange rate and other problems. It would, of course, be equally fatuous for a U.S. parent to transfer American benefit plan provisions to Canada.

Barclays Bank International provides an excellent example of an informed employer carefully designing an employee benefits programme around the local environment. The London office has given its U.S.-based management broad authority to make many decisions. At the same time, London is kept fully informed about substantive matters and approval for them secured.

Richard Carden, chief executive vice-president of Barclays in North America, says: "It would be quite impossible for us effectively to establish and maintain our outstanding benefits programme within a viable cost framework if we did not recognise and understand the special considerations of the American sceoe."

Employers who establish pension, profit-sharing and thrift savings plans almost always seek formal, written approval from the Internal Revenue Service that the plan is "tax-qualified" for deduction of contributions by the employer and other tax advantages. To do so, it must fulfil a host of IRS and *Department of Labour* requirements such as not discriminating by sex or in favour of the highly paid.

On the other hand, there is no legal requirement to provide pension *cost-of-living* increases to retirees. This factor alone may result in relatively lower private pension plan costs in the U.S. as opposed to many other countries where adjustments to recognise inflation are obligatory.

Germany's 1974 pension law, for example, required employers to review the adequacy of pension payments to retirees at least once every three years. Benefits had to be increased unless the employer could prove financial hardship; not an easy task. Also, German companies commonly use *book* reserves, which are tax deductible, in recognising pension cost. This cannot be done in the U.S. where minimum fnnding standards are required under Federal law for pension plans with defined benefits.

It is imperative that the design of a pension plan recognises that of U.S. Social Security under which the employer and employees share the cost of funding the system which *provides* retirement income (and other benefits such as survivor income and disability *payments*). Social Security payments are not taxed, and provide for inflation adjusted increases to retirees.

If the design of the private pension plan does not recognise this source of income within the *total* retirement income package, the retiree could net significantly more than his final period of pay. This would not conform to sound pension planning and would result in unnecessary employer expense.

There are numerous and highly relevant considerations in U.S. benefit planning which foreign management should take into account. Here are some guidelines which can give directors the basis for a sound approach.

Do not be guided by home country employee benefit systems; whether state or private. They do not reflect local condi*tions* and local *nationals will* not identify with them.

Employee benefits in the U.S. are *generally* the province of the *private* sector, but statutory federal and state benefits should be carefully examined to be certain the private programme is well balanced without duplication of benefits.

Do not finalise the purchase agreement of any acquisition or merger until an independent review of the seller's pension plan and funding status has been made. It could have very substantial unfunded accrued liabilities for past service which could become a liability for the buyer. At the least, the buyer should be aware of such liabilities and consider them in the purchase price. They will often run into *many millions* more dollars.

Consider the special situation for executive and other expatriates. How should the home couotry and U.S. benefits packages be applied to them?

Get first-band knowledge. A senior executive, based in the home country, should talk to someone knowledgeable about the local environment whenever possible. He can then provide valuable input for his colleagues.

Seek local, profession consulting and actuarial assistance. This goes a long way in assuring management that benefits-related laws, regulations, trends and industry standards *have* been recognised in the design of the employee beoefits package.

Louis Kleber is a manager with Peat, Marwick, Mitchell and Company in New York.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PRINTING

New colour presses

A NUMBER of time and labour-saving innovations are claimed for the new range of Aurelia 500 series sheet-fed offset colour printing presses introduced to the Britisb market by Oscar Friedheim. The presses are designed to run consistently at up to 12,000 impressions an hour and are said to be especially suitable for packaging print and sbort-run work.

Capable of handling sheets up to 520mm by 740mm, they can be supplied in one, two or four-unit assemblies. The machine layout allows manual access to two units from one working position, thus saving preparation time and also floor space.

The multi-unit presses can be fitted with a perfecting device to print both sides of a sheet in a single pass. The additional transfer drum, swing-gripper and synchronised air jets can be disengaged in a few minutes to permit a resumption of normal multi-colour printing.

A patented continuous damping device, completely independent of the inking system, is fitted as standard to all series 500 presaes. It combines continuous feeding and accurate metering with a multi-roller layout for even distribution of the damping fluid. Tbe result is claimed to offer a substantial improvement in the ink-to-water balance, brighter colours, drier print and appreciable aavings in time and materials.

A new vacuum-belt infeed and register system provided with the series 500 preaaes is claimed to ensure positive adherence of the sbeet to tha register table and to the front stops through a row of nozzles using the venturi effect.

Aurelia presses are manufactured by OMCSA SpA, of Milan. Details from Oscar Friedheim (Offset), 246-250 Waterloo Road, London, S.E.1. (01-928 1363).

● INSTRUMENTS

Measures the temperature

A HAND-HELD instrument made by Linear Laboratories in the U.S. and supplied in the UK by Unity Power Systems measures surface temperatures without contact by utilising the infra-red emission.

TherMonitor TMP100 is a fast response device having a digital output linked to a liquid crystal display. It can measure the temperature of the emitting surface between −18 and +1,093 deg. C with a claimed accuracy of plus or minus 1 per cent.

There are no moving parts apart from a peak bold trigger control and a hutton for selecting readings in degrees F or C.

The instrument is particularly suitable for scanning molten streams of material due to its fast response and applications will arise in the metals, glass, plastics, textiles, paper, food and petrochemical industries. The temperatures of moving objects, fragile surfaces and inaccessible items are also easily checked. An appropriate filter is incorporated to eliminate the effects of ambient light, water vapour and carbon dioxide.

More from 44 Wellesley Road, Croydon CR9 2BU (01-680 3666).

Precise time signals

A RELATIVELY low cost precision unit tbat displays time of day based on the reception of signals from the various special statioos round the world (Rugby, for example) has been introduced hy European Electronic Systems, 22d West Station Industrial Estate, Maldon, Essex, (0621 54703).

The RCO60C can be used to synchronise events at separated locations and as a master clock is able to drive remote displays. A single card version is available for use by original equipment-makers (in computers, for example). Stand alone systems are available, with calender as well as time displays and corresponding electrical outputs.

Snperhet reception is used with a crystal controlled local oscillator to suit a specific transmitter, and this must be specified on ordering.

● COMMUNICATIONS

Private viewdata systems

PROSPECTS OF success for inbouse company viewdata scbemes — and there are nnly a bandful of systems offered for this purpose—bave been limited either by bigh cost or by tbe dependence upon an existing computer within the user organisation.

Thus, a new stand-alone offering called Incotel developed in the UK by Incoterm, a Honeywell subsidiary, at £17,000 paints a different picture and throwa into sharp perspective the cost of setting up as a private user group within Prestel, the Post Office's public viewdata network: an entrance fee of £4,000 and a page charge of £4 per page per annum.

If, as many in the industry feel, there will not be a massive domestic interest in Prestel then systems such as Incotel could bave reasonable future and it would come as no surprise to see them offered by the Post Office itself.

Apart from purchase from Incoterm, the system is to be offered by Radio Rentals Contracts at about £750 per month, exclusive of colour receiver rental.

It is based on the 20/20 minicomputer developed by Incoterm before the Honeywell takeover in 1978 and includes 64k bytes nf memory, a 10M byte fixed disc and a keyboard, or in the case of tbe Radio Rentals system, a band-held keypad. It can be used fnr data extraction from the private viewdata store, access tn Prestel, access to most maker's mainframes, or simply to receive television programmes.

Up to seven television sets can be connected at the same time, or assuming a 10 per cent duty ratio, 70 sets. Some 7,000 full pages can be kept and assuming an average page, up to about 25,000. But the system can be extended to 100,000 pages, with 35 ports.

Special terminals are supplied for the creation of new pages, nr their deletion or alteration. For the normal user, operation is very similar to that of the Prestel service—he uses the keypad to "bome in" on the data needed by selection from progressively presented lists or "menus." But passwords are frequently keyed, barring "outsiders" from access.

Uses to whicb a modern-minded company would put Incotel to improve its operations are wide-ranging. Customer ordering for example could be simplified; wbolesalers using a terminal over a phnne line could first of all bring the suppliers's stock position up on the screen, followed by wbat amounts to a page of conventional paper order pad. He can then fill in his requirements, having perbaps brought up a page wbich details any special offers currently being made. It is possible to connect both cassette recorders and printers so that copies can be kept.

Within an organisation, executives at their desks can bring up sales figures, histograms and so on to keep them in immediate tonch with the business. It is also possible to display "problem" frames which might sbow, for example, the state of the delivery vehicle fleet, bow many people are on boliday—whatever is felt to be significant. Other facilities include "broadcast" messages, messages to specific terminals, the ability to leave messages for others and, if it is needed an accounting system that allows frames to be charged.

Immediate access to data abont customers also becomes possible: their pbone numbers can be brought up in alpbabetical order and at a recent demonstration at Incoterm's Uxbridge offices frames were shown giving business and personal details of fictitious "customers."

The future for this kind of private system is summed up by Incoterm's marketing director Pat Kielty: "Prestel and other established viewdata services are primarily for providing pnblic information to a wide spectrum of users. Incotel is a development of the Prestel concept which offers at an economic cost the same easy access and functionality, but allows large volumes of information relevant to specific organisations to be beld on private systems."

The company is at Boundary House, Cricketfield Road, Uxbridge, Middlesex, UB8 1QG. (Uxbridge 56161.)

GEOFFREY CHARLISH

● COMPUTING

Faster text for small systems

MODEL 88T bidirectional impact printer from Impectron, is a low-cost machine designed specifically for the general small-scale computer market. Its versatility and high performance make it extremely useful for small business, educational, personal computing and professional users alike.

The 88T is capable of printing at np to 100 characters per second on roll paper, fan-fold forms or cut sheets, using eithar a pressure roll feed or tractor feed system. The adjustable tractors allow printing on pre-printed forms or continuous labels, varying from 1 to 9.5 inches in width. An easily inserted long-life ribbon cartridge eliminates messy ribbon cbanging associated with many similar printers.

Selectable character densities allow formatting of output in either 80, 96, or 132 character lines. Double width characters are software selectable for any of the three character densities and can be inter-mixed on a line for message high-lighting. A full upper and lower case 96 character ASCII set is printed in a 7 x 7 matrix to provide crisp, clear copy on the original and up to two copies.

The simplicity of the print mechanism and the maximum use of LS1 chips on a single printed circuit board combine to give high reliability and ease of maintenance without sacrificing capability.

A rugged construction and continuous-duty print bead allow it to be used in demanding data processing environments, while the attractive styling complements the exterior design of most systems.

Data input may be either Serial (RS232C or 20 ma current loop) or parallel (Centronics compatible 7-bit ASCII) with a standard two-line buffer. Paper feed is up to 10 lines/second, resulting in high print throughput, and the machine incorporates a push-button operated self-test facility.

Impectron is on 0403 50111.

● SAFETY & SECURITY

Watchdog for buildings

MULTIPLEX 2100 is described as a technological advance in huilding safety and security systems. It will monitor and control fire detection installations, supervise sprinklers, run building security, aid security patrols and manage huilding energy consumption.

Designed to be flexible and cost-effective over many applications, both large and small. It can be installed as a small scale system which may be gradually expanded, hoth in terms of size and range of applications, as and when the need arises.

The heart of the unit is a central processor whicb actively monitors and controls critical functions throughout the building. Two-way communications hy means of coded signals is continuously maintained between the processor and remotely located transponders, whicb are linked to monitoring and control points either directly or via sub-panels.

The processor itself has a visual display unit with keyboard and a higb speed 80 column printer capable of displaying a status summary on request. It will supervise up to 64 monitor points and 48 control points on the same pair of wires. Up to eight such communication circuits can be controlled and monitored by one processor. Hence a total of 512 monitor and 384 control points can be processed by the system itself.

Telephone line communication, a time control facility, a remote visual display unit, and a remote printer and annunciator can be added.

In addition to the facilities above, the 2100 will bandle sucb operations as the control of ventilation systems, the return of lifts to a specific floor, operation of evacuation signals and automatic door closing in the event of a fire outhreak.

Further from Simplex Detection and Controls Division, Holmfield Industrial Estate, Holdsworth, Halifax, HX2 9TN. (0422) 246281.

Painting in high places

PROMISING TO overcome the conventional, but often costly and time-consuming, metbod of providing access for painting the top of tall chimney stacks, is a cradle scaffold system from GKN Mills Building Services, 53, Uxbridge Road, London, W.5 (01-567 3083).

This bas heen employed at the Shell Stanlow Higher Olefins Plant at Ellesmere Port where work iovolved designing and erecting a scaffold that could support a steel cradle controlled by two electrically powered Cablemaster wincbes without bolting any part of the structure to the stack.

Use of the cradle itself is novel, says the company, because it would normally take steeplejacks to erect a complete access scaffold around the area to be painted and bolt it to the stack.

The scaffold was designed to act like a bottle stopper and dropped 1.2 metres inside the 90-metre-tall stacks wbere it was braced against the inside wall.

Although the top ten metres of the stack had to he painted by Bierrum and Partners, the cradle was capable nf covering the full height of the chimney stack.

Watches for noxious gases

AGD 5865 gas detector is designed for continuous operation to give a warning when the concentration of gas in the air exceeds a set level; for carhon monoxide this may he set at any level betweeo 20 and 200 p.p.m. For safety reasons there is no on/off switcb.

The instrument is intended for applications were the type of gas leaking into the air in industrial environments where any gas emission needs to he investigated can he assumed with some degree of certainty.

Based on a solid-state gas sensor whose electrical conductivity cbanges when gas is present in the air, the sensor is boused in a special cavity which maintains its atmosphere at a high and constant humidity and consequently the sensitivity is unaffected hy variations in bumidity.

To ensure that the instrument retaios its sensitivity a sufficient quantity of distilled water must be present in the cavity and a window is provided at the side of the instrument to facilitate inspection of the water level.

● METALWORKING

Keeps machines accurate

HYDROSTATIC guiding is a major point in the design of new quality vertical boring machines (table sizes from 1 metre to 3½ metres) recently launched hy Schiess-Froriep.

This ensures long-life accuracy as there is no metal to metal contact. Dynamic stiffness is also greatly improved, meaning that the basic horsepower can be used far more efficiently—giving hetter and faster cntting. Plunge grooving is a good example of an operation that is nothing short of impressive on the new range of DS machines.

A new main drive system to the machine table both improves efficieocy and reduces the noise level. The two-speed vertically mounted planetary gearbox is mounted centrally hetween the machine columns to improve thermal stability. It has a high mechanical efficiency (giving optimum conditions for modern cutting tools) and is extremely quiet in operation. Measured noise levels are below 80 dB(A) at maximum table speeds. Additionally, due to the positioning nf the main drive motor, less floor space is required.

The precision rack cross rail levelling system is such that it ensures parallelism between the cross rail and the table surface.

The "DS" range can he equipped with either six or 12 station automatic tool changers and can be developed into a machining centre with pitch circle drilling, milling, boring and grinding facilities.

Schiess-Froriep (UK), Stockwell House, New Buildings, Hinckley, Leicestershire, LE10 1HW. (0455) 611177.

● PROCESSING

Will mix viscous fluids

A BENCH-TOP automatic mixing, metering and dispensing machine for the smaller user of two compooent materials sucb as adhesives, encapsulants and sealants is announced by Liquid Controls, Stewarts Road, Wellinborough, Northants NN8 4RJ (0933 77571).

The unit, which occupies 615 x 755 mm of bench area and weighs 50 kg, is designated Twinflow CVR and costs under £4,000. It allows materials such as urethanes, acrylics, epoxies, polyesters and silicones to be easily dispensed at the same time eliminating operator skin contact, confining fumes and minimising clean up time and waste of materials.

Making use of positive displacement pumps, the unit can cope with very high and low viscosity liquids (up to 500,000 centipoise) despite changes in back pressure and viscosity.

Building and Civil Engineering

£20m overseas awards to Wimpey

CONTRACTS for overseas work worth nearly £20m and for work at home totalling £1.6m have been won by George Wimpey.

In Trinidad, George Wimpey (Caribbean) is to build 1,000 houses on the Bon Air bousing estate for the National Insurance Property Development Company of Trinidad, under a contract worth ahout £15m.

Designed by Wimpey Group Services the bouses will be built using the Contech system. Contech incorporates cast aluminium shuttering which can be manhandled readily so speeding construction and eliminating the need for rendering.

In Qatar, the Ministry of Water and Electricity bas awarded a contract for the construction of a reservoir, valued at £3.2m to Wimpey International in joint venture with Arabian Construction Engineering Company.

The Umm Said reservoir at Doba is to be a 16m-gallon reinforced concrete structure together with pumping station, chlorination plant, generator station and associated pipework. The construction also includes access roads and site services.

In the Sultanate of Oman, Wimpey-Alawi LLC bas started work on a £1.7m road building contract for Petroleum Development (Oman).

In the UK, the Scottisb Special Housing Association has awarded Wimpey a contract valued at just over £1m for the rehabilitation of 128 houses in the Locbend district of Edinhurgh, while Harris Queensway, of Orpington, Kent has awarded a £600,000 contract for the construction of a retail store at Soho Road, Handsworth, Birmingbam.

Waterworks project

YORKSHIRE WATER Authority has awarded a contract worth more than £1.5m to Miller Buckley Civil Engineering for work at Chelker Reservoir, West Yorkshire, including construction of a large pumping station, the reinforced concrete basement of which is to be founded on rock.

Some 1,100 linear metrea of large diameter pipework will be laid, part of which will go under weter in the reservoir. Cranes on pontoons and a team of divers will position and joint the pipes for this part of the operation.

Subsidiary company, Miller Buckley Pipelines, bas heen awarded a contract of substantial value, says the company, hy North Thames Gas for remedial work on pipeline crossings in the Staines area.

Fitting out a store

A CONTRACT valued at £2.4m bas been awarded to H. Fairweather and Co. (Wood Hall Building Group) for the fitting out of the new Debenhams departmental store in the Development Corporation's shopping centre at Telford, Shropshire.

Arcbitects are Ketley, Goold and Clark and the quantity surveyors are Banks, Wood and Partners.

Looks after leaky roofs

NEW SEALANT for making temporary repairs to flat roofs —also can be applied to leaking roofs even during rain or where there is a residue of water—has been introduced by American Colloids.

Called Seal-X, it is supplied in granules and able, therefore, to be used even in high winds, says the company. It is based on bentonite, a mineral formed by volcanic activity over 20m years ago. Because it is completely unreactive, It does not interfere with the materials used to make permanent repairs.

Sealing action is due to bentonite's property of swelling up to 15 times its original volume when in contact with water and once the granules have been poured into crevices and on to the surface of leaking roofs, they expand to fill the available space, eliminating further ingress of water.

Available from UK subsidiary, Volclay, Birkenhead Road, Wallasey, Merseyside (051 630 2567).

Housing in Southampt'n

THE THIRD Collingwood Housing Association bas awarded a £1.9m contract to Warings (Contractors) of Portsmouth for the construction of 94 dwellings at Upper Bugle Street, Southampton.

Project comprises 17 single-person and 77 two-person flats, together with two wardens' flats, communal areas, courtyards, car parks, landscaping, etc.

Scheme is due to commence next month and scbeduled for completion in two years. Designer is Percy Thomas Partnership of Bristol, and quantity surveyor Whealing Horton and Toms of Christchurch.

Warehouse complex started

CHARTERED quantity surveyor E. C. Harris and Partners says that work bas now commenced on the construction of Standard Life Assurance Company's £1.8m industrial warebousing complex in Gildersome, West Yorkshire.

Building contract for the 100,000 sq ft development bas been awarded to J. and J. Fee. Consulting engineer is J. Robinson and Son, and the architect Robinson Desigo Partnership.

Completion of the project is expected to be in the spring of 1981 wben it will then comprise three buildings wbich will be available in large or small units with adjacent offices.

£5.2m for Taylor Woodrow

CONSTRUCTION OF a manufacturing facility for UOP Bostrom Europe at Round Spinney, Northampton, has just been started by Taylor Woodrow (Midlands) under a contract worth nearly £5.2m.

The project entails erection of a production block, offices and ancillary buildings. The main manufacturing block will be 182 metres by 98 metres and attached will be a 2 and 3-storey office building.

Various ancillary buildings are to include an electricity sub-station, pump bouses and chemical stores and the contract also calls for internal roads, service areas, car parks and landscaping.

The architects are Temple Cox Duncan Associates; structural engineers are Baynham Meikel and Partners and the quantity surveyors are Poole Stokes and Wood. Completion of the project is due in June 1981.

Willett Group wins over £8m

CONTRACTS RANGING from a major shopping development in Kent to the second phase of an industrial building programme for the London Borougb of Islington form a total of more tban £8m won hy Willett, part of the Willett Group.

Largest project is a £5.6m shopping development in Toobridge, Kent for J. Sainsbury. This includes a supermarket for Sainsbury's, and department store for Bentalls totalling 7,750 square metres, together with a community and sport centre. Total contract which bas just commenced will be completed in the early part of 1982.

Cementation Building (member of the group) has been awarded a £2.3m job for the construction of a six storey office block complete with services and external works. Project is near the city centre in Cardiff for Trafalgar House Developments. To be completed in two years, it will give 5,249 square metres of office space in what is considered to be a prime office location.

Work has begun by Willett on four single storey individual units at Balmoral Grove in the London Borough of Islington. Also, three existing units will be refurbished as part of this contract which is valued at over £½m. This is part of a continuing programme of development providing industrial premises on infill sites throughout the borough. The company saya it bas already completed 25 such units at an overall cost of £1.6m.

Awards to A. H. Wilson

AMONG RECENT CONTRACTS totalling about £1m awarded to A. H. Wilson and Son (Contractors) is a £½m-plus building project for Anglia Commercial Properties at Wigston in Leicester. Thia consists of warehouse and office accommodation.

Other major projects being undertaken by the company include work for Leicestershire County Council and Pakwain of Markfield, Leicester.

Frames in many colours

A VARIETY of colours in addition to the regular white finish for steel-framed windows is now available from Crittall's Duralife plaot installed in its factory at Witham, Essex.

In place of the conventiooal hand sprying, the equipment is fitted with a battery of spray guns wbicb apply the dry powdered paint. The process is completed by stoving the frames at 210 degrees C for 20 minutes, causing the powder to melt and the particles to flow together and form a hard haked-on surface. The painted finisb is purely decorative, since the previous hot-dip galvanising process minimises the incidence of rust.

Another innovation at Witham is the method of preparing the galvanised frames so that the polyester paint powder adheres sasisfactorily. Preparation was formerly carried out by abot-blasting. Now, after galvanising and before powder coating, the frames are chemically cleaned and chromated in a six-stage process.

At Crittall's Braintree plant aluminium window frames are finished by means of continuous automatic electrophoretic equipment. This dip techniqua of paint application employs a positive electrical charge. Aluminium sections immersed in a tank of acrylic paint become in effect positively charged electrodes. Stainlesa steel plates hung over the side of the paint tank act as negative electrodes, and when a direct current is passed the coating is deposited on to the aluminium surface with a high degree of uniformity.

The process is claimed to be one of the few that pre-beats, paints and stoves aluminium extrusions in a continuous cycle.

More work for Lovell

FOLLOWING THE structural completion of a £1.2m four-storey office block in Romford town centre for CIN Properties (Coal Board Pension Fund) by Y. J. Lovell, the company has now started work on a second, larger building on the same site under a separate £3.75m negotiated contract with CIN Properties.

The office blocks will form the first two phases of a possible five phase development by the pension fund to provide prime business accommodation on the Western Road site, adjacent to the town centre pedestrian shopping precinct.

Work on phase ona is due for completion in seven months, and the second project involves the construction of an L-shaped building which, when completed in two years will yield a total floor area of 5,000 square metres of office accommodation.

Although this building will be of similar construction to phase one it will also embrace the provision of a link bridge between the two buildings.

Lovell's contract also covers some fitting-out to tenant's requirements, such as provision of computer accommodation and some partitioning to form offices.

Orders for steel

THE structural engineering subsidiary of the S. W. Farmer Group, S. W. Farmer and Son has won two contracts.

One, valued at £600,000 is for the design, fabrication, metal treatment and shipment to Damman, Sandi Arabia of 700 tonnes of structural steel which will be used in the construction of a desalination plant at Al-Khobar, Eastern Province. This order is due to be completed hy the end of October.

The second contract is for Matthew Hall Norcain Engineering and calls for 300 tonnes of process plant steelwork to be delivered and erected at High Wycombe, Bucks for G. D. Searle.

IN BRIEF

● Following the collapse of the Almö bridge across the Hake fjord north of Göteborg after being rammed by the Liberian cargo vessel Star Clipper on January 18, the Sweish Government commissioned the Swedisb concrete contractors, Skanska-Cementgjuteriet and Krupp Industrie-und Stahlbau, Duisburg-Rheinhausen to rebuild it. Krupp is to supply the structural steelwork, the Swedish company being responsible for the concrete work. Work on this DM 45m (£11m) bridge will start in August and is expected to be completed by the end of 1981.

● Bovis Construction has received a £330,000 contract from Chiesmans (subsidiary of Hous of Fraser) to carry out structural alterations to the main store at Lewisham High Street, London SE13.

Aluminium formwork system

COMPLETELY new, a British aluminium formwork system bas been launched by SGB Building Equipment Division which bas been designed for both walls and soffits.

At the beart of the system are two beams extruded from high-quality aluminium alloy. Light and easy to bandle, they increase sita productivity and optimise the use of labour. The benefits are not just limited to site. Substantial savings in transport and storage costs also ensue. Fast-action fixing devices are used througbout, as members are secured by wedges which are tightened quickly, simply and rigidly with a bammer.

Du-Al Form can be used for almost any wall or floor support application. Nevertheless, it uses a simple range of components to rationalise stocking requirements.

Beams ln the Du-Al Form system are not confined to a particular function. Soldier and waling members used in wall construction may be used as primary and secondary beams in floor construction. The sizes of the beams are compatible with timber as the two depths produced are 225mm and 150mm. The secondary waling beam incorporates a timber infill for easy fixing of the plywood form face.

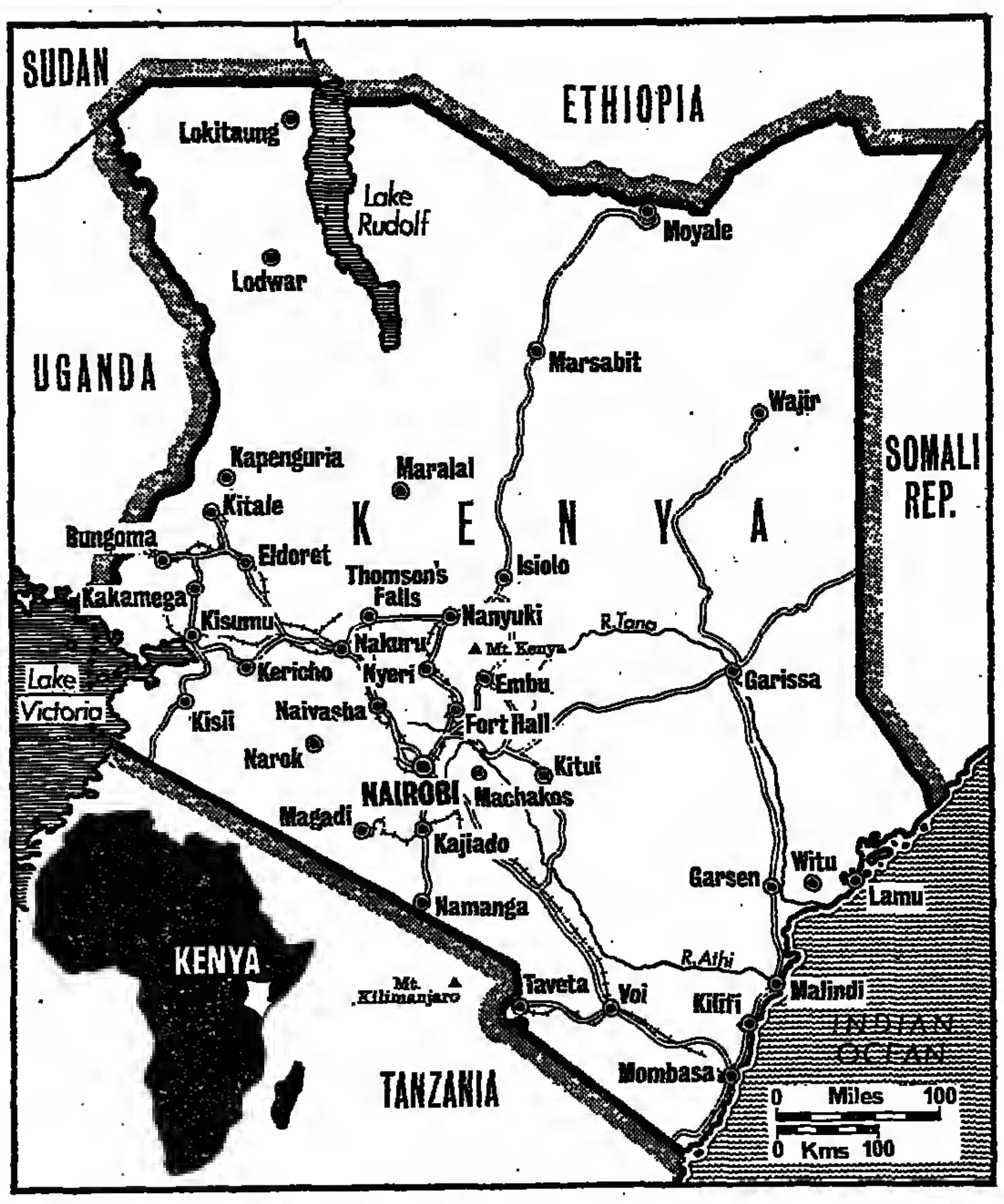
In floor construction the primary beams are carried by a 50kn support head. The metric lengths are compatible with an SGB Cuplok support scaffold and the large grids that can be achieved with Du-Al Form giva greater economy of support.

SGB Group, Mitcham, Surrey CR4 4TQ. 01-648 3400.

FINANCIAL TIMES SURVEY

Monday July 28 1980

KENYA



President Daniel arap Moi has begun to make his mark on Kenya. He has released political prisoners and has brought the Luo people back into the political mainstream. But the country faces a period of austerity and until economic circumstances improve, social welfare programmes will remain unfulfilled.

Hard times lie ahead

By Michael Holman

KENYA HAS entered the 80s with a characteristically frank assessment of the prospects for its 15.32m people.

Earlier this year the equivalent of a Government White Paper warned that "a time of austerity" lay ahead. Only last month the message was repeated by President Daniel arap Moi who, baving moved to consolidate his position, has stepped out of the shadow cast even in death by the late Jomn Kenyatta.

A general election last November which saw nearly a third of the Cabinet rejected (a not unusual turnover at Kenyan polls) followed by two Government reshuffles in the intervening months, has given Mr. Moi the chance to stamp his own mark on an administration inherited nearly two years ago and which he was careful to leave almost untouched until the electorate gave him a mandate.

His rallying cry of "Nyayo" (Swahili for "footsteps") in the wake of Kenyatta's death in August 1978 bas changed in meaning. At first it represented continuity at a time of concern abont the succession issue. But it has since come to mean fnllowing in the footsteps of the President himself.

A series of populist measures —the extension of free primary schooling, free milk in schools — undoubtedly boosted the standing of a man wbo lacks the charisma of a Kenyatta.

The Nyayo theme of "love, peace and unity," tirelessly put across at rallies across the country, was given substance by the release of political detainees and, nver the past few months, a remarkably successful attempt to bring the Lun people — Kenya's second largest tribe — back into the political mainstream.

But the picture is marred by some disquieting developments. For the first time in Kenya's post-independence history, people are queueing for maize meal in Nairobi and other centres. The reasons for the shortage are set out in detail elsewhere in this survey. In essence there seems to be little doubt that it has been caused by poor weather and bad planning, brought to a head by unauthorised sales of the national stock, and exacerbated by panic buying, smuggling to neighbouring states and distribution prohlems.

It bas been a profound psychological shock to a country which has prided itself on self-sufficiency in this staple food and it has also been a blow to the standing of the Moi government. All too often the comment is beard: "It never happened under Kenyatta." It is an embarrassingly open secret that some 300,000 tons of maize supposedly imported frnm Mozambique actually originated in South Africa.

In recent weeks the Kenyan Press bas shown that it is not prepared to let the matter drop, and the consequences of this could be *profound.* Some of those implicated in the unauthorised sales may be very senior officials indeed. In a country where nearly all politicians and top civil servants have substantial business interests, there is nn knowing where allegations of corruption might stop.

Damaging

The most damaging possibility is that politicians may pursue the issue not an much to get to the bottom of the affair but to use it as a stick with whicb to beat their rivals. Many nbservers and members of government believe that President Moi, in what will be a test of his authority, must intervene, put an end to the sniping and draw a veil over an affair which is reflecting to no-one's credit.

The maize embroglio aside, Kenya under President Moi retains its admirable capacity to identify economic problems and put forward blueprints for their resolution.

"The hrutal fact," warns the Sessional Paper on the economy, "is that until our economic circumstances improve, full pursuit of social welfare objectives must be deferred." In *other words,* the objectives of the 1979-83 Development Plan— which concentrates on the basic needs of bealth, education and other social services—cannot be met during the austerity years ahead.

Ironically it is the post-independence achievements in these fields which partly account for one of Kenya's most serions development problems. A population growth of 3.9 per cent a year, probably the highest in the world, will double the number of Kenyans in 18 years, far ontpacing the capacity of the State to meet their needs.

Further, only 17.4 per cent of the land is arable, and the rest is marginal or semi-arid. Thus occupation density of those arabla areas is steadily increasing, and holdings are becoming fragmented. Yet any widescale use of the marginal land is dependent on costly irrigation schemes which, given the economic squeeze and stagnation of aid, are probably out of reach for the forseeable future.

It should be said, however, that while the impact of external economic factora is profound, the *structural* weaknesses of the Kenyan economy were becoming apparent by the mid-70s. The remedies that were advocated then—increased agricultural productivity (both food and export crops) and a shift in the industrial and manufacturing sectors from import substitution to exports — remain the course Kenya has to adopt this decade.

The coffee and tea boom of 1976-77 simply bought time *which could perhaps have been* hetter used. Foreign exchange earnings from these two crops soared. Were it not for that relief, the Kenyatta administration, marked in its final years by the growing acquisitiveness of a powerful clique and serious corruption, would have faced the brunt of the problems that President Moi bas inherited.

Perhaps the most encouraging aspect of the new administration is the change in method nf government. The country is now run by a working Cabinet of younger, generally better educated men rather than through the extraordinary influence nf a uniquely powerful but aging individual, exercised through a select few.

The best example of this is the Sessional Paper itself, which went through no less than five Cabinet sessions of vigorous debate. Not, according to one Minister, in order to tone down the grim message (the paper emerged essentially unchanged) but as part of a learning process.

However, implementation of an austerity programme requires a confident, determined leader surrounded by loyal lieutenants who together will share responsibility. Whether the Kenya Government can adopt this approacb will depend on the outcome of an interplay between four key political figures.

On top is President Moi himself and there is no evidence that this positinn is being seriously challenged. But beneath him is a trio of disparate personalities jockeylng for position:

- Vice-President Mwai Kibaki, a Kikuyu and an outstanding Minister of Finance.
- Mr. Charles Njonjo, former Attorney General and fellow Kikuyu though from a rival clan, recently appointed Minister of Constitutional and Home Affairs.
- Mr. Oginga Odinga, a former Vice-President under Kenyetta until be was detained in 1967, leader of the Luo people, and thougb not in Parliament, as influential as any Cabinet Minister.

Perhaps the most remarkable development under the Moi regime has been the "rehabilitation" of *Mr. Odinga,* who thougb released from detention in 1971 bas been kept out of politics by the refusal of the *ruling* Kenya *Africa* National Union to issue him with a party membership card.

The influence of this veteran politician was proved beyond doubt at the November general election. Although the lack of a membership card meant that he could not stand himself, most Luoland candidates who enjoyed bis support swept bome.

Mr. Odinga was subsequently made chairman of the State-owned Cotton Marketing Board, a job be has thrown himself into with an enthusiasm that belies his years. A senior aide, Mr. Achieng Oneko, has

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Tough approach to economic problems

"WE MUST face squarely the fact that the coming years, and the next two years in particular, will be a time of austerity during which there will be slower growth of the economy, less employment creation, and more limited social services than were envisaged in the Plan."

Those sombre words represent the theme of the latest Kenyan Government White Paper on economic prospects. Whatever else it may be accused of, the Government cannot be charged with failing to take—and spell out publicly—a hard-headed view of the economic difficulties facing the country.

The so-called Sessional Paper No. 4, which was presented to Parliament in May, is a remarkably forthright analysis of the economic position, and an attempt to reassess the assumptions and targets of the 1979-83 National Development Plan, published only last year, in the light of steadily deteriorating circumstances.

There is no doubt that Kenya, for so long one of the economic successes of Africa, will face hard times in the near future. The reasons are not hard to find. The most important is that, in spite of being cushioned by a short-lived boom in the prices of its major exports—coffee and tea—three years ago, Kenya has now become embroiled in the classic Third World poverty trap of soaring oil and general import costs and stagnant export earnings.

Volatile

While Government revenues have similarly stagnated because of sluggish economic growth, and international aid flows are unlikely to expand at a time of financial stringency in the leading industrialised nations, calls on Government spending continue to increase at least as fast as the rapid population increase: and any attempt to finance the deficits by borrowing are only likely to fuel a volatile inflation rate.

The unfavourable combination of economic circumstances has been compounded by a series of natural disasters and human errors: the failure of the short rains last year, after a decision had been made to export much of the existing maize reserve, has led to shortages of the country's staple food unprecedented in recent years.

The same brief drought is also blamed for a power crisis in the early months of the year which led to drastic electricity rationing and short-time working in much of industry.

That political leaders should hasten to spell out the dire consequences of the situation is perhaps a result of the high expectations of their electorate. Since independence, Kenya has enjoyed an average annual growth rate of nearly 6 per cent.

Prosperity is there for all to see, in the skyscrapers of Nairobi, the well-stocked shops (until the maize shortage), and the Mercedes-Benz cars of the *Wabenzi*, the wealthy Kenyan entrepreneurs. But equally there is poverty—which Nairobi's squatter camps and shanty-towns reveal. For Kenya is a poor country with a soaring birth rate.

"We have had a period of very sustained growth," Mr. Mr. Mwai Kibaki, the Vice-President and Minister of Finance, told the Financial Times. "Now it slows down. It is already being felt by the people. The impact will be felt here more than in other countries in Africa, because they didn't have the very high growth rate in the first place."

Last year the rate of growth of real Gross Domestic Product in Kenya slowed to just 3.1 per cent, equivalent to a decline in real per capita incomes, as the Government moved to tackle the persistent imbalance in the balance of payments and its budget. The growth rate was only half that of 1978 and two-fifths of the 8.8 per cent achieved in 1977. A major cause of the slowdown was the poor performance of agriculture, after a series of relatively good years: the long rains were less heavy, and the short rains failed almost completely in many areas.

Consequently, coffee output fell, and tea also earned less, because of lower world prices in spite of an increase in production. The two crops earned farmers K£173m in 1979, compared with K£197m in 1978 and K£286m in 1977. At the same time both maize and beef production fell, with the net result that the sector produced 1.2 per cent less in real terms than in the previous year.

The manufacturing sector, usually an area of high growth, also slowed down, with output increasing by little more than 7 per cent, compared with 12.6 per cent in 1978. The introduction of an import deposit scheme undoubtedly affected raw material and intermediate goods supplies, while exports were still restricted by the lack of reliable markets in Uganda and Tanzania.

On the other hand, the construction sector expanded by more than 10 per cent, working on building plans made at the time of the 1977 coffee boom.

The other disappointing performance was in tourism, which had an indifferent year with a decline in real earnings, in spite of a small increase in the number of visitors: a reflection of the economic downturn in the industrialised countries, and an increasing trend towards package tourism. (The impact of the power cuts this year could hit any hopes for renewed growth.)

Directive

In spite of the slower overall growth rate there was an increase of 6.7 per cent in employment, but this was partly a result of the presidential directive issued during the year that all employers increase their work force by 10 per cent.

The slowdown in the rate of economic growth resulted in unexpected improvements in three areas: the balance of payments, inflation, and the Government's budget deficit. The value of exports rose by K£17m (although re-exports of petroleum products was a major element) while imports fell by K£41m largely because of the import deposit scheme. The net result was a reduction in the trade deficit from K£265m to K£207m, and because of increased foreign borrowing, an actual increase in foreign reserves of K£73m.

The rate of inflation was kept to 8.4 per cent, compared with 12.3 per cent in 1978, and an average 9.8 per cent since 1970. The Government's current surplus was K£53m compared with K£23m in 1978, while the development budget was expected to be underspent by some K£40m.

In spite of the apparent improvement, however, none of the underlying problems of the economy has been resolved. As the sessional paper stresses, the two major constraints remain the balance of payments and the Government budget deficit—both if anything more acute than last year.

Meanwhile, the rate of inflation has accelerated once more, to a rate of 13.5 per cent in the 12 months from April, 1979, to April, 1980. Somehow, the Government must balance the need to control inflation, and bolster its foreign reserves, against its desire to maintain welfare spending.

Inevitably, oil has had the biggest single influence on the balance of payments. Perhaps the most graphic illustration of the cost of oil to Kenya is to compare it with the proceeds of coffee, the country's most important export. In 1973 oil cost K£21.6m, or approximately 60 per cent of that year's coffee export earnings. By 1979 the cost of oil imports had risen to K£133.2m, or some 120 per cent of coffee earnings. The coffee boom of 1977 was, in comparison, all too short-lived; and since then both the world price and Kenyan output have steadily fallen.

Although tea production has increased its price has also fallen. The two commodities, which in the past have provided up to 60 per cent of Kenya's foreign exchange, constituted 50 per cent of exports in 1978, and under 45 per cent last year.

Manufactured exports have failed to provide any relief as primary product prices have languished. Between 1975 and 1979 exports of all goods other than food and food products, and petroleum products, increased by little more than 3 per cent in current prices—from K£88.9m to K£91.7m—a decline in real terms.

The import bill has been inflated by a range of factors apart from oil. The price of imported capital goods and machinery has increased at a faster rate than other goods: the cost of "machinery and other capital equipment" in the Kenya trade figures rose from K£61.7m in 1975 to K£125m in 1979. Defence purchases have also been a major drain on foreign exchange resources. Total recurrent and development spending on defence rose from K£6.47m in 1970-71 to £108.8m in 1978-79, according to the latest economic survey.

Finally, in the present year, the cost of emergency food imports is an unexpected major burden both on government resources and foreign exchange reserves. Mr. Kibaki announced in his budget that grain imports were expected to cost K£35m this year.

All those factors seem certain to result in a renewed deterioration on the balance of payments this year and beyond. The Sessional paper suggests that the cumulative deficit on current account between 1979 and 1983 should be put at £K1.03bn, compared with the development plan estimate of K£511m. Although it forecasts an increase in capital inflows during the same period from K£571m to K£823m, the end result would be an overall deficit of K£203m, instead of the surplus of K£60m forecast in the development plan.

As for the Government's own budget deficit, it has been increasing at an annual rate of more than 22 per cent since 1970 to reach an average K£128m in the past three years. Before the tax increases announced in the latest budget it stood at K£124m. Although current revenue has actually increased faster than current spending over the period it has been outweighed by the rapid increase in capital spending, which has had to be financed by both domestic and foreign loans.

Key elements have been the rapid increase in the education budget (from K£27.6m in 1970-1971 to K£108.2m in 1978-79) and in defence spending. Food purchases are an additional burden in the current year.

Further borrowing is not the answer to pay for the respective deficits, the Sessional paper concludes: "Kenya cannot finance balance of payments deficits by means of external borrowing beyond certain limits without doing irreparable damage to its hard-earned international reputation for credit-worthiness," it says.

"Likewise, there are clearly defined limits on the extent to which budget deficits can be financed by reliance on domestic sources of credit without generating uncontrollable inflationary pressures . . . ."

Nevertheless, the Government is clearly hoping for substantial soft loan assistance from both the World Bank and the International Monetary Fund, but it has decided not to draw down any more of its $200m Euroloan or borrow any further money at commercial interest rates.

Negotiations

In June, Kenya drew the first $35m tranche of a $70m World Bank programme loan on the understanding that it will undertake a programme of restructuring the economy to overcome the fundamental imbalance in its external trade. It is currently negotiating further credit facilities with the IMF.

In his budget, delivered in June, Mr. Kibaki took several major steps to meet the conditions laid down. A major part of the strategy is to stimulate Kenyan manufacturers into greater competitiveness in export markets by removing existing protective barriers and replacing them with steadily reducing tariffs.

Mr. Kibaki has thus withdrawn the right of Kenyan manufacteurers to have some imports completely suspended, and instead raised tariff walls.

Another step taken with the intention of removing hidden subsidies from industrial sector, therefore helping to redress the balance between expensive and inefficient industry and investment-starved agriculture, has been to allow interest rates to rise from their artificially depressed level.

BASIC STATISTICS	
Area (square miles):	[illegible]
Population (1979):	[illegible]
GNP (1979):	[illegible]
Per capita:	[illegible]
Trade:	
Exports (1978):	[illegible]
Imports:	[illegible]
Trade with UK (1979):	
Exports:	[illegible]
Imports:	[illegible]
Currency: £ = [illegible] Kenya shillings	

Mr. Kibaki said the present rates also gave an advantage to capital-intensive rather than labour-intensive projects — contrary to the emphasis of the development plan on job creation, when he instructed commercial banks to raise their minimum rates from 5 to 6 per cent and maximum rates from 10 to 11 per cent.

The most sweeping budget move was to impose an across-the-board 10 per cent increase on Customs duty on all imports, in addition to the selective high tariffs on luxury items, to pay for a more attractive system of export promotion.

The imposition of an across-the-board import duty to pay for export incentives is seen as a form of hidden devaluation, which is something Mr. Kibaki has always resisted as inappropriate to Kenya's inelastic imports and exports. But their very inelasticity (some 90 per cent of imports fall under the classification of oil, or industrial inputs, which could be regarded as more or less essential) means that the new duty is likely to have a substantial effect on the inflation rate. (Some fear it could even rise to 20 per cent.) Nevertheless, it answers the Government's other need to reduce its budget deficit by providing some K£74m in extra revenue.

Criticism of the budget is that it is simply not tough enough to redress the balance of payments, and while it balances the budget on paper, it does not allow for any further deterioration in Kenya's external trade relations.

Perhaps the most serious criticism of Kenya's economic and financial management is that while the Government is good at identifying the problems and suggesting solutions it has frequently lacked the political will to implement those solutions. Thus in spite of regular criticism of the ad hoc system of agricultural purchasing and pricing which has often made urban jobs and investment more attractive than those in agriculture, little has been done to work out a coherent system, which would also include related issues such as providing credit facilities for farmers, improved storage and better systems of marketing agricultural output.

Too many powerful political figures and senior civil servants have interests either in the middlemen operations in agriculture or in the urban areas for the present imbalance to be radically altered.

Quentin Peel

Hard times

CONTINUED FROM PREVIOUS PAGE

been appointed chairman of the National Film Board. And among the Luos in the Cabinet is Mr. Peter Oloo-Aringo, Minister for Information, and known to be close to Mr. Odinga.

One result is that the President has received a warm welcome in Luoland. In contrast to Jomo Kenyatta's last visit when the Presidential car was stoned by angry residents. And Mr. Moi, a member of the small Kalenjin tribe, may have found a useful set of allies with which to balance the influence—and resist the pressure—of the Kikuyu, Kenya's largest and most powerful community.

But where does Mr. Odinga go from here? Last month he received his KANU membership card and is thus eligible to stand for Parliament. Will a Luo MP step down? Has Mr. Odinga retained the socialist views which were one of the reasons for his clash with Kenyatta? And if in Parliament, would the former Vice-President be offered a Cabinet post. Mr. Odinga keeps the answers to himself.

The fascination over Mr. Odinga's remergence into public life is only matched by speculation about the plans of Mr. Charles Njonjo. He was Attorney General from 1963 until earlier this year and has always wielded enormous power, combining a forceful personality and a sharp mind.

He played a major role in ensuring the stability of the transition from Kenyatta. When the "Old Man" was alive he ended a "change the constitution" movement which would have prevented the acting presidency from automatically going to Mr. Moi in the event of the President's death. And when Kenyatta died, Mr. Njonjo moved swiftly to ensure that the letter of the constitution was observed and threw his weight behind Mr. Moi.

Unopposed

Many observers thought that Mr. Njonjo would be content to remain Attorney General, with its ex officio Cabinet place. But in April this year, he threw his hat into the parliamentary arena. The sitting MP for the Kikuyu constituency near Nairobi stood down (later to be given a post with a state-owned company). Mr. Njonjo resigned his office and was nominated unopposed—all in a matter of days, giving opponents no time to marshal their forces.

After a short period on the back benches, Mr. Njonjo was brought back into the Cabinet as Minister of Constitutional and Home Affairs during the June reshuffle.

Where does the pin-striped 60-year-old lawyer, whose sharp and often caustic tongue has won him some powerful enemies, go from here? He is the first to disavow presidential ambitions, professing absolute loyalty to President Moi and pointing out that the President is, after all, the younger man.

That then leaves the Vice-Presidency—a stepping stone to which may be provided by elections with KANU, the country's only legal party, scheduled to be held by October this year.

But should he run, it brings him up against Mr. Kibaki, the third member of this influential trio. And this opens up the prospect of a tough fight within Kikuyu ranks which could conceivably open the way for an attempt by Mr. Odinga to regain the office he lost in 1967.

The tension created by these rivalries, still for the most part below the surface, are offset not only by handling of the Luos, but by a conscientious selection of Ministers and Assistant Ministers from every district in Kenya, thus ensuring a truly national administration.

It also means a top-heavy administration, since the total of Ministers, their assistants and the 12 MPs nominated by President Moi, make up a majority in the 158-seat Parliament. Yet despite this arithmetic, back bench MPs press issues such as land allocation and corruption and cross-question ministers with a vigour that ensures that the House is a far from dull place.

In foreign affairs, President Moi has adopted a far more prominent stance than his predecessor, and consolidated the already close ties with the West. At the same time he has been carefully building up links with the Arab states—though with the probable effect of eroding links with Israel.

However, regional tensions must remain his prime concern. The open dispute with Tanzania over developments in Uganda, where ex-premier Milton Obote is coming closer to regaining the post he lost to Idi Amin in 1971, stems from two concerns.

Kenya fears an alignment between its two socialist neighbours which could ultimately threaten what has been a lucrative market in Uganda; and such an alignment may provide inspiration for critics of the broadly capitalist Kenyan system.

Meanwhile the deep distrust of Somalia, which clings to territorial claims on northern Kenya, remains. Most Kenyan officials consider the US$600m-US$700m laid out on military equipment in the latter half of the 70s money well spent.

Two concerns arise. Some of the defence purchases have been of questionable value, while the armed forces have yet to reach the level of expertise required to utilise effectively and maintain highly sophisticated equipment. And in the meantime there is a growing corps of young, well educated officers who will be closely watching the performance of the politicians in the difficult years ahead.

Though President Moi now has an administration of his own choosing, it remains to be seen whether he can provide the tough measures that are necessary. To some observers the reshuffles, though ensuring a broadbased administration, also reflect a reluctance on the part of the President to take on some powerful vested interests. As one diplomat observed: "Nobody's head ever rolls. It's rather like Snakes and Ladders, and players stay on the board provided they keep their seat in general elections."

Thus while Kenya remains an impressive example of stability in Africa, the combination of economic problems, regional tensions and some internal political rumblings add up to a demanding challenge at a time when the post-Kenyatta leadership has yet to prove itself.

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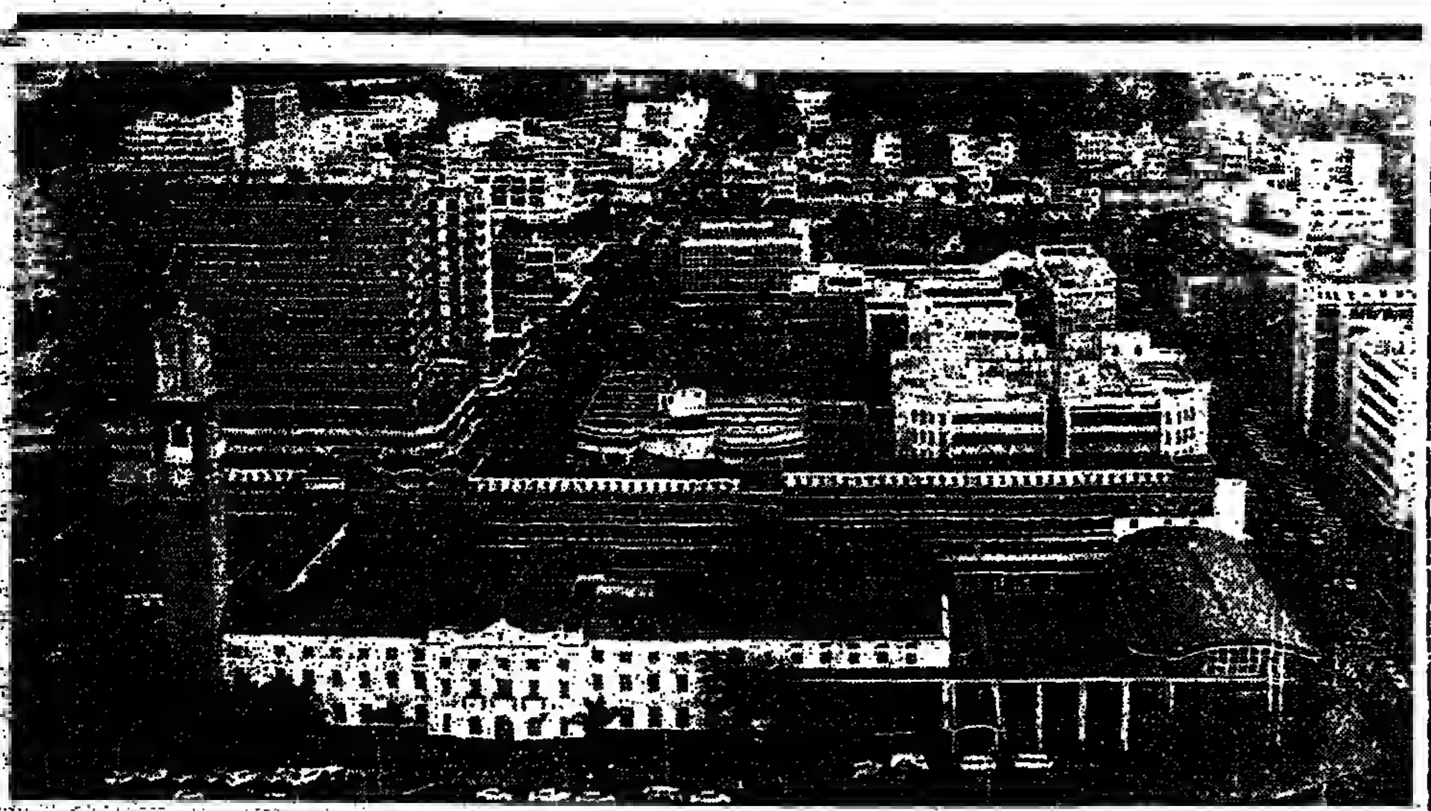


Nairobi, which will be the site of the Organisation of African Unity summit next year

Glyn Genin

Main foreign policy worries remain close to home

THE FUNDAMENTALS of Kenyan foreign policy have been left relatively unchanged by the outgoing and sometimes forthright stance adopted by President Moi.

Existing close ties with the West have been confirmed. Arab states have been courted, bringing in aid and the possibility of concessional oil terms. But the major—and most worrying—foreign policy issues remain close to home. Fears about the possible consequences of Somali territorial claims on northern Kenya have not been set at rest, while the continuing uncertainties in Uganda have left relations with Tanzania as strained as ever.

The aging President Jomo Kenyatta ventured beyond Kenya's borders only once during his 15 years in office. By contrast his successor has embarked on a wide-ranging series of trips whose success is presented to the electorate in terms of oil facilities, aid deals and food supplies.

The journeys have taken the President to France in 1978, Britain and Holland in 1979, West Germany, the U.S., Iraq and Abu Dhabi this year. And unlike his predecessor who showed little enthusiasm for hosting an Organisation of African Unity (OAU) summit, African heads of state will meet in Nairobi next year and President Moi will thus be chairman in 1981-82.

Discreet shift

One result of the President's journeys to the Middle East appears to be a discreet but definite shift in relations with Israel. Apart from resulting in a substantial inflow of aid (notably from Saudi Arabia) a concessional oil deal with Iraq is currently being negotiated.

Kenya, like other developing states, is finding the mounting fuel bill (K£133.2m in 1979 or 24 per cent of export earnings, compared to K£21.6m in 1973, under 10 per cent of export earnings) a major factor in the serious balance of payments problems.

Though not seen by diplomats as a *quid pro quo*, the opening earlier this year of Palestine Liberation Organisation offices in Nairobi is seen as evidence of a shift in Kenya's stance. The Israelis, with powerful friends in Cabinet, still play an important role in defence (providing the Gabriel missile system, for example, and national service training) and construction. But most observers agree that their position will be eroded in the coming years.

Already regarded as one of the West's staunchest allies in Africa, a series of decisions by President Moi has underlined that relationship. One of the most significant was Kenya's role as the sole black Commonwealth contributor of a contingent of 50 men to the ceasefire observer force which played a vital role during Zimbabwe's transition to independence.

At a highly sensitive time it helped blunt Patriotic Front criticisms of the force's predominantly white make-up. President Moi's threat to pull out his men unless a contingent of South African troops moved from the Zimbabwean side of Beitbridge never seriously affected the close relationship Britain enjoyed with Kenya and it added to the President's status in the eyes of onlooking African states.

The Kenyan leader endeared himself to President Carter by his unequivocal condemnation of Iran's taking of American hostages and his boycott of the Moscow Olympics—and doubtless this was a factor in the sympathetic response from the U.S. to Kenya's request for urgently needed maize supplies.

What is far more delicate, however, is the role Kenya is prepared to play in President Carter's Indian Ocean strategy. It was announced in Washington last month that agreement had been reached on U.S. use of Kenyan facilities, notably the port of Mombasa and the airfields of Embakasi and Nanyuki.

The decision inevitably becomes part of the long running debate in Africa about the military role on the continent of foreign powers. Not surprisingly, it is covered cautiously in the Kenyan Press and handled by President Moi and his closest advisers personally, rather than fully aired in Cabinet.

Both parties are reluctant to disclose details, and there was some irritation in Kenyan circles at Washington's timing of the brief official announcement shortly before the Organisation of African Unity summit in Freetown last month.

It is an issue in which the United States must tread carefully, for it has also been pursuing—so far unsuccessfully—the possibility of the use of the Somali port of Berbera. The negotiations have broken down over the massive price Major-General Siyad Barre has demanded, both in cash and armaments, much to the relief of the Kenyans. They fear that one day arms provided under such an agreement could be turned against them, and the U.S. would prove as ineffectual a restraining factor as was the Soviet Union when Somalia invaded the Ogaden in 1977-78.

Hopeful note

Meanwhile, relations with Tanzania remain poor. The year began on a hopeful note when the leaders of the two countries and the then President of Uganda, Mr. Godfrey Binaisa were joined by President Numeiri of Sudan, at a conference in Mombasa.

It was the first gathering of the presidents of the East Africa Community since it collapsed in 1977. Little emerged other than mutual expressions of goodwill. But at least it appeared that President Binaisa, successor to the ousted Yusufu Lule, was a leader acceptable to both Kenya and Tanzania.

All changed with the coup which in May deposed Mr. Binaisa. It was led by Mr. Paulo Mwanga, a close associate of ex premier Obote. The six man military commission, chaired by Mr. Mwanga, appointed a Cabinet in which up to half the members were seen as Obote supporters.

The Kenyans' worst fears were realised. The press accused President Nyerere of taking a further step towards reinstating his friend and beachside neighbour, who himself returned from exile to Uganda in late June. The Military Commission's pledge that multi-party elections will be held by year-end has done nothing to dispel the Kenyan belief that by fair means or foul Milton Obote, aided and abetted by Dr. Nyerere, will soon be back in office.

Perhaps the nadir of relations in recent months was reached when President Moi withdrew at the last minute from a summit in early June in the northern Tanzanian town of Arusha which in the event was attended by Dr. Nyerere, President Numeiri and the Military Commission.

The origins of Kenyan antagonism go back to Dr. Obote's period in office when his nationalisation programme under the "Common Man's Charter" included some Kenyan companies. And it includes the recollection that Dr. Obote had ties with the Kenya People Union, led by Mr. Oginga-Odinga, who was detained in 1967 but who has been brought back into public life by President Moi.

There are some senior Kenyan Government officials who believe that those links remain, despite the rehabilitation, and the socialist aspirations of Dr. Nyerere and Dr. Obote may set an example for Kenyans dissatisfied with the broadly capitalist line continued by President Moi.

Equally serious to Kenyans is the fear that under Dr. Obote, Uganda and Tanzania would develop closer trade ties and gradually exclude Kenya from a market worth K£52m in 1977 (10 per cent of total exports) and which, despite the chaos, was worth K£38m (9 per cent).

Most observers discount this possibility. They argue that Mombasa will remain land-locked-Uganda's main port, and say that hopes to build a rail line to the Tanzanian port of Tanga are a pipedream. Further, they maintain that an impoverished Uganda will, even under Dr. Obote, be forced to rely on Kenyan industry and manufacturing which is considerably more advanced and competitive than anything Tanzania can offer.

Michael Holman

Government not to abandon social objectives despite cash squeeze

THE EXPECTED average annual growth rate of the Kenyan economy over the next three years will be 5.4 per cent, and not the 6.3 per cent forecast last year in the National Development Plan for 1979-83.

That is the principal conclusion of the latest Government White Paper on economic prospects and policies. The radical reassessment of the assumptions on which the five-year plan is based, outlined in the Sessional Paper presented to Parliament in May, has serious implications for the ability of the Government to meet its social spending plans.

The need to tackle the immediate problems of persistent deficits on the current account of the balance of payments, and the growing Central Government budget deficit, militates against any early achievement of the plan targets. Nevertheless, the Government is clearly determined not to be pushed into the abandonment of the broad objectives it set itself last year. The sessional paper has drawn up a strategy aimed at simultaneously resolving the short-term financial constraints of the economy, while preparing the ground for the necessary structural changes demanded by the plan.

The theme of the development plan is the alleviation of poverty, concentrating on groups such as small farmers, pastoralists, the landless, squatters and the urban poor. Its intention is that development schemes should be concentrated on the poorest 40 per cent of the population, and it aims to do so through the twin strategy of job creation in priority areas, and the provision of basic services, such as health, housing and water supply.

In the first place, the study warns that forward budgeting must be restricted to projects which can be efficiently managed and serviced within recurrent Government spending. The projected growth rate of the development budget has been scaled down to 2.1 per cent, against the plan's intended 3.2 per cent.

Priorities

However, development priorities have been maintained: the highest rates of increased spending will be on agriculture, labour, housing, social services, local government and health (although defence and education are given the highest priority of all).

Slower economic growth will inevitably hit not only the provision of basic services, but also job creation, the paper argues. That means that concentration on labour intensive investment is all the more necessary.

Not only is the overall growth rate likely to be cut (and many economists believe the figure of 5.4 per cent growth is still optimistic), but the sessional paper quotes the latest census as proving that the rate of population increase is no longer the 3.5 per cent assumed in the development plan, but almost 4 per cent. Thus the problems of unemployment and under-employment are likely to prove even more acute.

The answer proposed by the paper is to concentrate more resources on the rural sector, which provides more than 80 per cent of employment, and specifically on small-scale agriculture and rural trade and manufacturing.

Action is needed on two fronts to change attitudes to rural employment: educational action, and changes in the urban-rural wage and price relationship. "Attitudes towards rural residents and agricultural labour must be altered, to end the paradox of unemployment coexisting with vacancies in rural activities," the paper says.

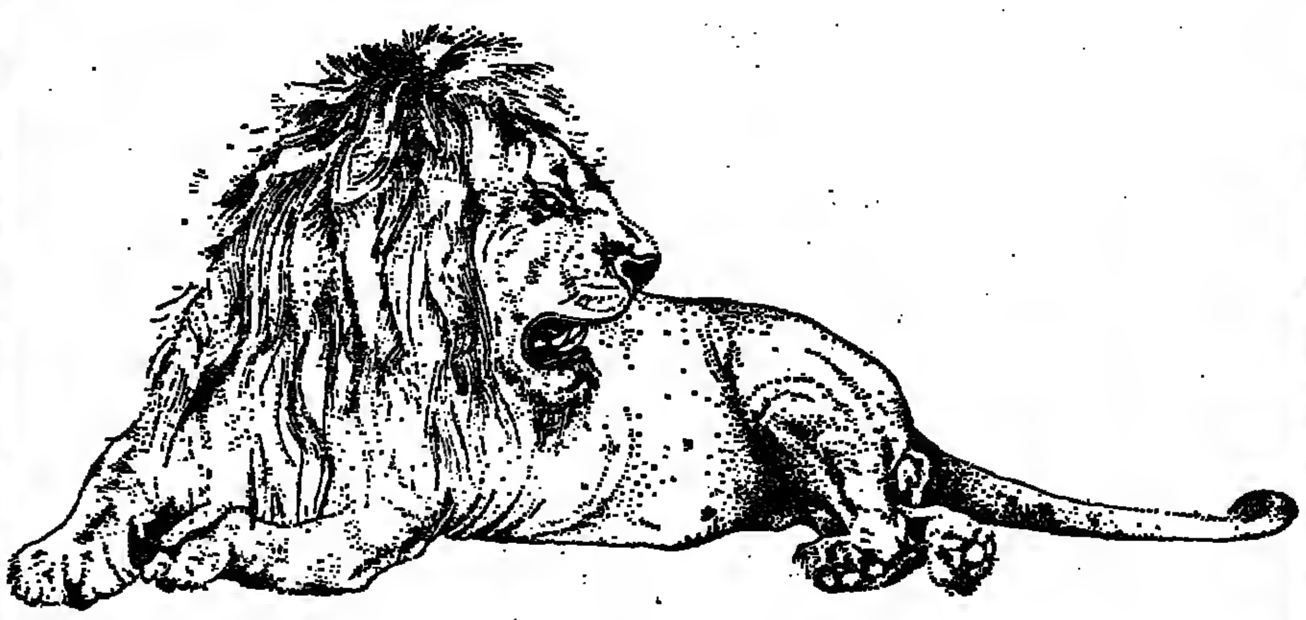
One major policy intended to counteract the apparent unfair advantage of the industrial sector is the commitment gradually to remove import controls, and replace them with tariffs, to provide greater competition for Kenyan manufactures. Another is to allow interest rates to rise, which should also remove much of the built-in advantage of capital-intensive over labour-intensive processes. The intention is to combine these policies with strict wage controls in urban areas, and moves to ensure that credit remains freely available to farmers.

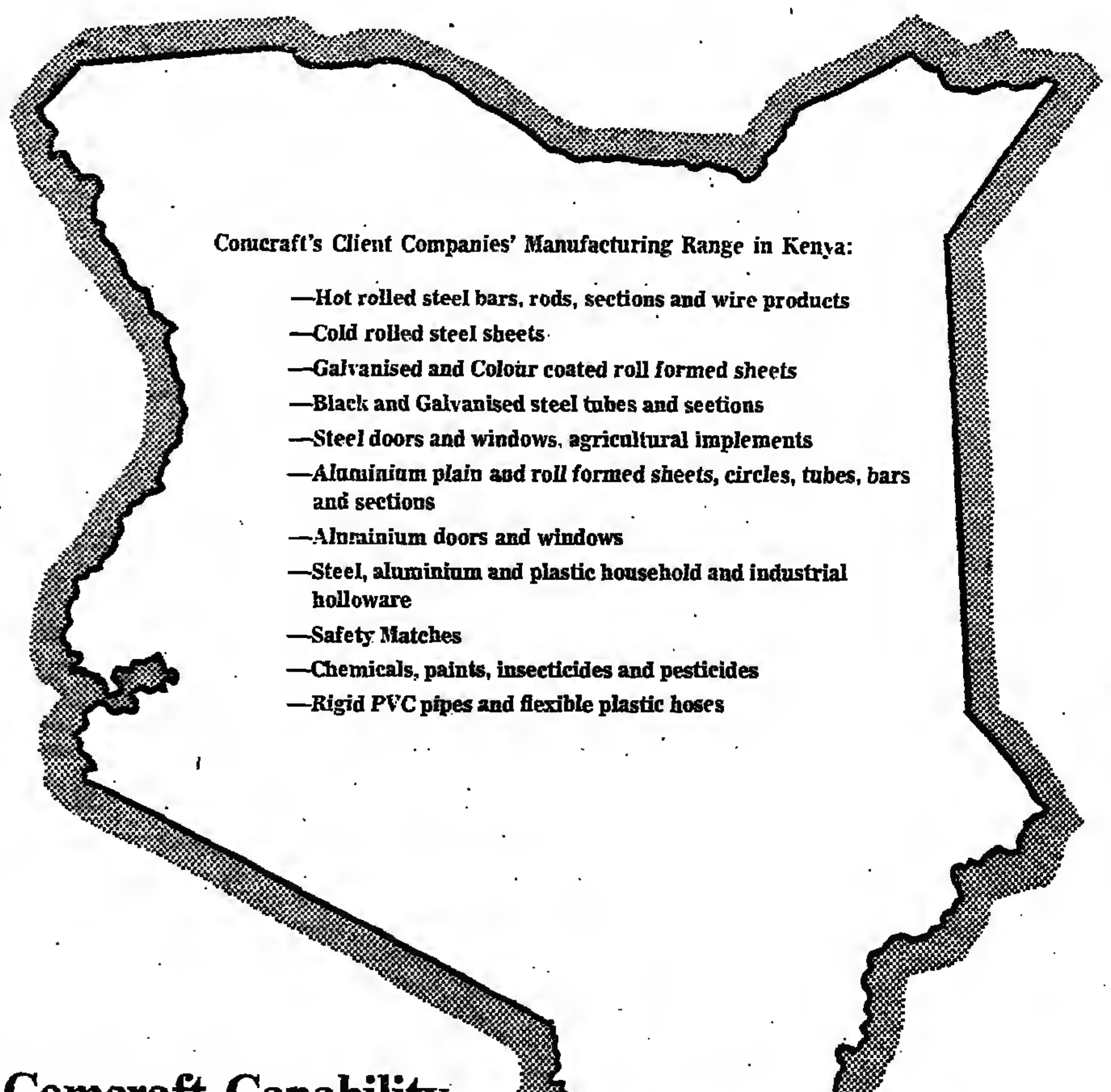
The sessional paper argues that the manufacturing sector is a net consumer of foreign exchange, because of its needs for imported raw materials, intermediate inputs, and machinery. To turn it into a foreign exchange earner, manufacturers must become exporters, which requires greatly increased efficiency.

Agriculture remains the sector which must provide the bulk of new jobs, and at the same time greatly increase production to provide for the food needs of the growing population, and produce some surplus for export. To do so, agricultural production must double over the next 20 years, it says—although over the past eight years, agricultural output has grown at a mere 2.5 per cent a year, well below the population growth rate.

The sessional paper stresses one other key area of action: energy. It admits that little can be done in the medium-term other than promote better utilisation of available energy sources. It is estimated that more than 80 per cent of commercial energy demand is oil-based. In the longer term it calls for expansion of non-oil energy sources such as hydro-power and geothermal power, and intensive research into alternative energy sources.

Quentin Peel



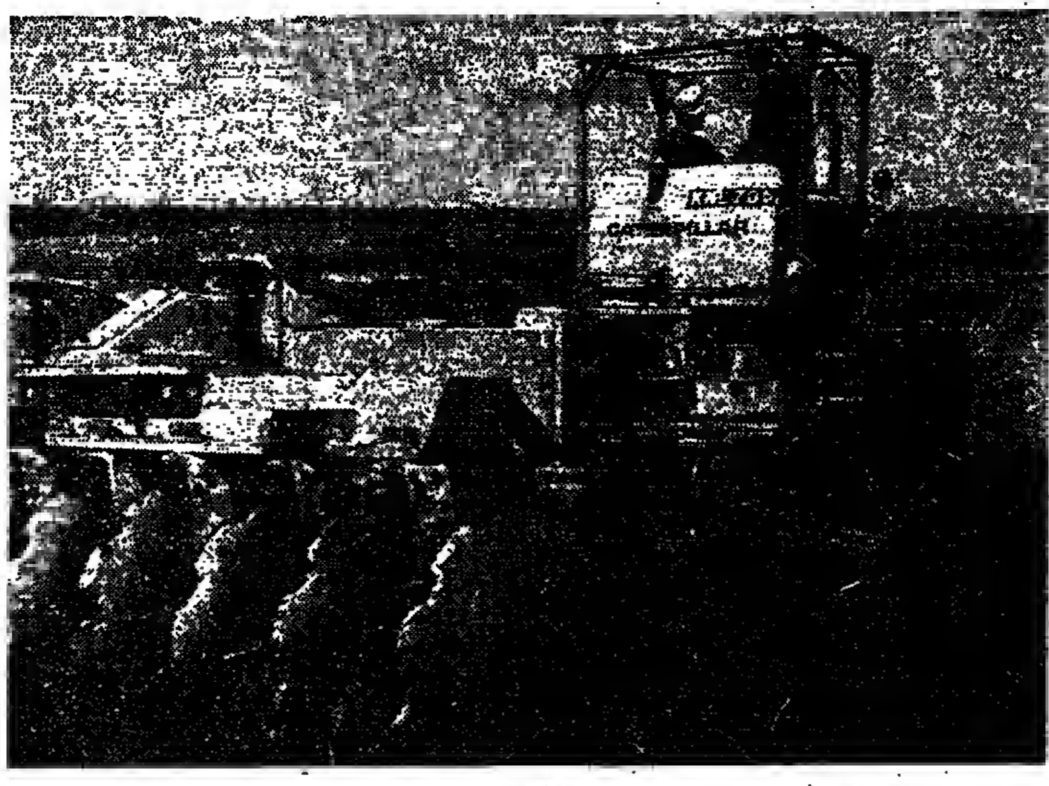


Maize crisis breeds anger and suspicion

SCENES OF angry crowds jostling in long queues for bags of maize flour, a familiar sight in recent weeks in several Kenyan towns, have come as a rude shock to the population. They have become used to relatively plentiful supplies of their basic foodstuffs, and the sort of shortages which are familiar in Kampala, Lusaka, Dar es Salaam or Maputo have been unknown.

Through a combination of bad planning, mismanagement, poor weather, and blatant profiteering, Kenya has suddenly found itself moving from the position of being close to self-sufficiency in basic foods, to one of being a large-scale importer in 1980.

The country will have to import something approaching 500,000 tonnes of maize, wheat and rice this year to meet the shortfall. In the meantime, thousands of Kenyans have found themselves having to go without maize flour for days on end, although it is by far the most important item in their diet. The shortagea have caused widespread anger and resentment, and a suspicion that powerful men in the government may have lined their own pockets at the expense of the ordinary consumer.



Harrowing new cane land on the Mumias Sugar Company's estate

The food shortages have served to focus attention once more on that area of agriculture which in recent years has tended to be subjected to a certain benign neglect in favour of more lucrative and glamorous cash crops. They have also underlined how it is a continual and often unequal struggle for agricultural outputs to keep up with Kenya's soaring population growth rate.

Between 1964 and 1972, the monetary sector of agriculture managed to push up production by a creditable 5.8 per cent a year, as available idle land was brought under cultivation. But since then its performance has been less impressive: between 1972 and 1978, agricultural production increased by only 2 per cent a year. At the same time, the population is growing at an estimated 3.9 per cent a year.

Figures for last year give no cause for renewed optimism. According to the annual Economic Survey, overall agricultural production actually fell in real terms by 1.2 per cent. Maize was worst hit, for reasons which will be explained below, with a drop in production from 2m tonnes in 1978 to only 1.3m tonnes.

Production of coffee, Kenya's most important export, fell by 11 per cent from 84,000 to 75,000 tonnes. Tea output increased, but the declining world price meant an overall drop in receipts.

Wheat output officially increased, but the major reason was simply late harvesting of the 1978 crop. Sugar also showed a substantial increase of 43 per cent, but there the growth was largely at the expense of maize.

Serious

A sluggish or stagnant performance in agriculture has serious implications for the economy as a whole, not only in terms of food supplies, but also for employment and consumption. More than 80 per cent of the Kenyan population is employed, more or less directly, in agriculture. The sector provides more than 50 per cent of all exports—mostly coffee and tea—and contributes some 30 per cent to gross domestic prodoct.

The latest National Development Plan, for 1979 to 1983, identifies it as the sector which must provide the hulk nf employment for the growing population.

The major underlying problem to increasing output and raising the level of rural employment is that rather less than 20 per cent of the land is of high or medium agricultural potential, and population pressure is already becoming acute on it. The remaining 80 per cent is classified as arid or semi-arid, where 20 per cent of the population, and 50 per cent of the national livestock herd, live.

The development plan thus proposes a twin strategy, of both increasing the intensity of cultivation on the better land, while seeking new ways of opening up the marginal lands both to new settlement and improved cultivation.

The intention is to introduce multiple cropping, to increase the use of technology, and to provide better training. Certainly there is considerable room for improvement: the average yield of maize in Kenya is about one tonne per hectare, compared with 1.95 tonnes in Mexico and 5.4 tonnes in the U.S.

Opening up the marginal lands is still a matter of great debate. Irrigation projects, such as the big settlement scheme at Bura, on the Tana River, to set up more than 5,000 farmers growing cotton, are inevitably enormously expensive, and cannot show the sort of economic returns the aid agencies like to see. Smaller schemes which rely on the farmers themselves for maintenance of dams and irrigation equipment may fail for lack of the technical skills.

Human reasons

Quite apart from the basic problem of opening up adequate land, there are major technical and organisational problems which need to be resolved, as the food shortages have revealed. Although initially the failure of the maize crop was blamed oo the failure of the short rains last year, it has become increasingly apparent that rather more human reasons were responsible.

The original problem was lack of storage capacity, and inadequate maintenance of what was available. Thus a bumper maize crop in 1978 could not be bought in by the Government's Maize and Cereals Board, because its stores were full. Instead, the market was decontrolled, and farmers allowed to sell direct to the millers, which meant a drastic drop in the producer price.

At the same time, the Government decided tn scrap its long running agricultural credit scheme, which provided farmers with a guaranteed minimum return, because of the high level of defaulting amongst debtors.

Then in 1979, with the stores still full, the Government decided to cut its own maize price to farmers. The result was a 16 per cent drop in sales of high yielding hybrid maize seed and a drop in fertiliser purchases.

"We have all taken it for granted that come what may, the African farmer will always grow maize," Mr. Cyril Webb, director of the Maize and Cereals Board, said. "We have just proved that he will not. He treats it as a commercial crop like any other." Indeed, large numbers of smallholders in the western provinces, a traditional breadbasket for Kenya, switched to the new sugar crop being promoted there.

But the situation became worse, for to make some room for the new crops, the Government had ordered substantial exports from the reserves. Something approaching 180,000 tonnes of maize were exported during 1979, which actually ate into the country's strategic reserve of 2m bags.

By November, when the short rains failed, it was realised the country was actually going to run short—and yet exports apparently continued, without authorisation from the Cabinet committee responsible.

Nobody knows quite who sold the maize, or where it went, but the shortages in neighbouring countries, like Uganda, suggest that there were large profits to be made from smuggling it out of the country.

The result is that Kenya has had to buy some 300,000 tonnes of maize on the international markets, most of it from that politically embarrassing source, South Africa. Other supplies have come as food aid from the U.S. and Australia.

The healthy result of the scandal is that a comprehensive food policy is now being drawn up, which will consider a whole range of key issues hitherto taken for granted. They include the vital questions of pricing and marketing (livestock and dairy farming, as well as maize, have been badly affected by ill-considered official pricing policies), the supply of agricultural credit, provision of inputs like seed and fertiliser, improvement of extension services, and provision nf more and better storage facilities.

Lost reserve

Indeed the poor maintenance of storage facilities may have been a factor in the apparent disappearance of the maize reserve. For example, at Nakuru, only four of the 30 silos which form storage for the country's strategic reserve, are properly water and air-tight. At Kitali, the other centre for the strategic reserve, 10 out of 36 silos are out of commission.

Another major issue which needs to be resolved is how to increase wheat production while attempting to promote smallholder agriculture. It is now recognised that large estates are really the only units capable of efficient wheat production, and yet the Government is committed tn breaking them up.

Cash crops, such as coffee and tea, as well as industrial crops like sugar, cotton and pyrethrum, will continue to be stressed, as major export earners, or sources of import substitution. But the food shortages mean that providing the country's basic needs will once again be given top priority.

What is also vital for Kenya's development is that agriculture should be able not just to be self sufficient, but to provide adequate employment for the growing population. That is ultimately the more difficult challenge.

Q.P.

Population rise among the highest in the world

KENYA'S PLANNERS are in a dilemma. Although long unofficially forecast, preliminary data from the 1979 census shows that Kenya's population increase is a stunning 3.92 per cent a year—probably the biggest in the world—rather than the 3.5 per cent on which the 1979-83 Development plan bad been based.

Only a rapid decline of the fertility rate—revealed in a recent survey as having risen from 6.8 children per woman in 1962 to 8.1 in 1977—will allow the Government to meet its Development Plan commitment to the provision nf basic needs in health, education and nther social aervices.

Yet, as population researchers generally agree, the satisfaction of those very needs is as an important an instrument for lowering fertility as a family planning programme.

But the clear message of Sessional Paper No. 4 on Kenya's economic prospects and policies, published last May, is that resources are going to be thinly stretched in the bard years that lie ahead. "The brutal facts are that until our economic circumstances improve, full pursuit of social welfare objectives must be deferred," the Paper warns.

The implications are profoundly disturbing, though few Kenyan politicians are prepared to speak nut on what has always been a delicate subject. Kenya's 15.8m population will double in 18 years, placing social aervices under intolerable strain, increasing the already intense pressure on land, and leading to rising unemployment.

Better health

Such a rate of increase is in part a tribute to Kenya's post-independence policies. The infant mortality rate has fallen from 119 per 1,000 births in 1969 to between 90 and 100 in 1977, while expectation of life at birth for men and women has risen from 46.9 years and 51.2 years in 1969 to 51.2 years and 55.7 years respectively in 1977. Both are the result of an improvement in health and other services.

"The combination of the curreot high level of fertility with rapidly declining mortality is virtually unprecedented in demographic history," notes Kenya's Central Bureau of Statistics.

But meanwhile population control measures have failed dismally. The official promotion of family planning in Kenya began in 1968. In 1974 a five-year family planning programme, with support from the World Bank and other doners, had the ambitious target of reducing the then estimated growth rate of 3.3 per cent m 3 per cent during the 1974-78 programme period.

As it turned out, only 280,000 new family planning acceptors were recruited, less than half the target number; and about 80 per cent nf new acceptors drop out of the programme, often within the first year.

Low status

The reasons for failure are complex. Women have a low atatus in Kenyan society and are under strong social pressure to marry early and have children. The generally lower educational achievements of women also affects marrying age, which is usually soon after the start of puberty. Children are looked upon as a potential source of labour and providera of security in their parents' old age.

There are also complaints that the main brand nf contraceptive pill used in the programme has adverse side-affects which understandably deters many would-be participants.

But underlying these and other factors is the continuing reluctance of politicians to advocate vigorously a population control programme. This reluctance is best seen in the 1979-83 Development Plan itself, which was using the already suspect 3.5 per cent figure. It devotes a mere handful of pages to the subject, while the 1980 Sessional Paper does little more than acknowledge that the population increase is higher than had been previously estimated.

The four areas in which the implications are most disturbing are education, land, employment, and food.

Educatioo: There will be almost 4m children nf primary school age hy 1983—30 per cent up on 1978. The Development Plan aims to achieve universal seven-year primary ednecation, which accounts for two-thirds of total recurrent expenditure on education. Edncationalists are already worried about signs of deterioration in the system, such as overcrowding in classrooms. If the ratio of 40 children per classroom is to he maintained, Kenya needs 5,500 new classrooms for primary education alone by 1983.

● Land: Only 17.4 per cent of Kenya's land is suitable for sustained agricultural cultivation and irrigation of marginal and semi-arid land is costly. As a result there is steady fragmentation of land holdings. More than half the holdings among the small farm population (who make up nearly three-quarters of the total population) are under a hectare in size. Population density on arahle land has risen from 103 per square kilometre in 1969 to 147 in 1979, and is likely to reach 180 by 1984.

● Food: The 1980 Economic Survey points out that in the 1970s food production has risen by only half the rate nf population growth. Meanwhile, agriculture is moving into a difficult period, partly because easy options are exhausted—such as turning grazing land into arable land, and because there are no research breakthroughs in sight comparable to hybrid or short-maturing maize.

● Employment: The working age population will reach 8.7m in 1983, and in order to employ 80 per cent of this additional labour force an average of 260,000 jobs must be created each year. Yet employment in the wage sector rose from 902.9th in 1977 to 911.5th in 1978—only 1 per cent. Despite creation of jobs in the informal sector (such as vegetable hawking, shoe repairing, etc.) employment creation is falling behind.

Warning

As the Central Bureau of Statistics notes: "There were some 50,000 new Form IV school leavers alone in 1978 and countless other secondary school drop-outs and former leavers competing for 18,600 new wage jobs in the formal and informal sectors."

By 1989, the Bureau warns, the proportion of the population under 15 will rise from 50 per cent to 52.6 per cent; there will be 1.8m more children to care for under the age of 5; there will be some 2.6m more children of primary/secondary school age needing school places; the labour force will have to absorb 3.2m more people of working age; and there will be 8m more people to feed.

"These figures are staggering in their magnitude," says the Bureau, pointing out that they are based primarily on the numbers of people already horn. Many face a bleak future.

M.H.

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Tourism shows sign of stagnation

LAST YEAR some 263 million tourists travelled to various glamorous destinations round the world. That number is estimated, by the World Tourist Organisation, to be growing by about 4 per cent per annum.

Kenyans in the tour business feel strongly they should get a bigger slice of that cake. Kenya has not done badly so far. Anyone who goes there can see what a big business tourism has become. It has grown from 1963, at independence, when K£9m was earned to more than K£60m last year.

The problem is how to move more effectively into one of the world's most lucrative businesses. Kenyans know they have a lot to offer. They have sunny, unpolluted Indian Ocean beaches stretching for hundreds of miles where people can really be "alone" if they wish. They have many hotels with good food and service right at the water's edge, and swimming pools for those who do not like sand between their toes.

In spite of the depredations of poachers Kenya has a unique variety of wild life in its own habitat, and comfortable lodges in which to relax at the end of the day's safari.

Yet there are signs of stagnation in Kenyan tourism that are causing much concern. Growth has not by any means stopped, but it is falling off.

The country earned a record K£60m in foreign exchange in 1978, but this grew to only K£62m in 1979. In real terms it was no more than the 1978 figure, although there were 400,000 tourists and business visitors.

It is nothing like the growth rate predicted in the current development plan, which aimed for earnings of K£ 124.9m by 1983. That plan is being adjusted down in many economic areas, and it will certainly have to be adjusted for tourism." An indifferent year for tourism," says the Government's 1980 economic survey of 1979. Can 1980 be any better?

Tour operators say that judging from the present situation the tourism plan, with bed occupancies in Nairobi to be increased by 15 per cent, on the coast by 65 per cent, and in game lodges by 86 per cent (all by 1983) is "unrealistic." Some of them regard any additional capacity as an "economic threat to existing facilities."

Some of the causes of the decline in tourism are beyond Kenya's control. Others are described by tour operators as "self-inflicted wounds."

Outside Kenya's control are the effects of inflation and recession on the country's traditional tourists, from Britain, Europe and North America. Oil price increases, higher air fares, (30-45 per cent up in two years) and less tourist money to spend, are damaging the potential of long-flight holidays. It is a long way to Kenya.

Kenya is still remarkably stable politically, but events beyond its borders, or launched beyond its borders, tend to discourage visitors, especially North Americans.

Unpredictable

Africa is an unpredictable continent. The régime of Idi Amin in Uganda kept Americans away for years. Then, just as the Kenyans were working hard to get the free-spending Americans back, a series of cross-border raids by Tanzanian thugs into Kenya's most famous game park, Maasai Mara, sent shock waves through the tourist trade.

A few American tourists were hijacked and robbed. Although they were isolated incidents, they received wide publicity.

For some years now Kenya has had to be promoted as a "one destination" tourist area. There was a time when the attractions of Tanzania and Uganda, the Serengeti, Mount Kilimanjaro and Uganda's Murchison Falls, for instance, were combined in tour circuits with Kenya's, including its beaches.

All that ended with the collapse of the East African Community. Tour operators believe that the link with Tanzania may never be forged again, but post-Amin Uganda, if it can re-establish its tourist attractions, may join us again. There are now moves to link up with the Seychelles and possibly Mauritius in an Indian Ocean circuit. There could even be an air safaris arrangement with Sudan.

But basically Kenya is on her own and must rely on her growing reputation as a country for out-of-this-world holidays. The product is good, but it has growing problems.

Internal costs of tourism are rising, largely because of economic stringencies such as heavy balance of payments deficits caused largely by the rises in oil prices, hotel accommodation, taxes and petrol prices. Tour vehicles are prohibitively expensive. So are spare parts. Insurance premiums, road taxes and vehicle licences have gone up.

All this makes Kenya less competitive than it used to be. Competition is becoming fierce, with long-flight tourism aggressively promoted in the Caribbean, Sri Lanka, Thailand, Mexico, Brazil and other distant places.

Highly professional marketing programmes are bringing those countries into competition for shares in the long-flight market. Kenya can compete, or could compete if she had a tougher marketing strategy, but many in the tour business believe she is falling behind.

The Government is spending some K£700,000 a year on promotion, but it may not be enough.

Private enterprise is left to do it all, with limited resources, plus the Government's overseas tourist offices. These, the trade says, are manned by helpful but not very professional staff. Of Kenya's promotion budget, it is pointed out, 83 per cent is spent on administration and overheads.

Concessions

Are opportunities being missed? Figures quoted by tour operators in Nairobi indicate that there are new opportunities to attract more Europeans. Spain has suffered a 40 per cent fall in its tourism business due to heavy increases in prices. The price gap between long-flight and short-flight tourism is closing. Proposals are being made to the Government for tax concessions to the industry, especially in road and vehicle taxes.

Many countries are realising that tourism is a powerful force that can galvanise the economy. In Kenya, as in other Third World countries, it has perhaps not been regarded as a vital economic factor, but as a kind of picturesque spin-off from the real business of agriculture and industry. One commentator says: "Tourism is the third dimension that Kenya needs to balance its economic structure."

Perhaps Kenya does not realise how lucky she is to have not only the ingredients of a great tourist industry—vast beaches, abundant wild life, etc—but dedicated men who have built up a remarkable infrastructure over the years. There has been no lack of investment from abroad and local sources.

The tourist trade believes there is now an urgent need for a "Tourism Marketing Board" to activate overseas as well as local promotion. Government would be represented by the permanent secretary at the Ministry of Tourism, as chairman, aided by, among others, representatives of Kenya Airways, foreign airlines, the tour operators, the Kenya Tourist Development Corporation, the hotels and caterers, and the Kenyatta Conference Centre in Nairobi. Conference tourism is not sufficiently promoted, many believe.

A chief executive, who would be a top-rank professional, would provide the motivation. Proposals have been sent to the Government as a matter of urgency.

Now for the less gloomy picture. In many areas of Kenya tourism is developing. Package tourism is fairly constant at about 30 per cent of the arrivals, with the West Germans still the most faithful among the many nationalities catered for (mainly at the beaches). Scandinavians and Americans have fallen away rather alarmingly. More Britons are coming, and there is a growing number of Japanese.

A promising attempt is being made to attract tourists from the Middle East, not only among the expatriates but among the Arabs. Next month Kenya is to be host to two groups of 140 travel agents from the Middle East. Agreements made with Thai Airlines, Singapore Airlines, and possibly soon with Japanese Airlines to fly into Nairobi Airport should bring a wave of new tourists.

An interesting new development, with great potential, is the hundreds of inquiries mainly for beach holidays, from both Europeans and Africans in Zimbabwe. Tour operators from Kenya are now in Salisbury seeking business, the commercial attache at the Kenyan Mission is busy, and a tourism office may soon be opened. Zimbabweans used to go to Beira, Mozambique, for their annual dip in the sea. That is no longer possible. Going to South Africa also has its problems.

A top official at the Kenya Ministry of Tourism, Mr. Joe Gitau, says: "We are one of the few growth industries, but competition is intensifying all the time. Our high-season hotel capacity at the coast has almost been reached, and we are now promoting low-season tourism with some success. In fact the seasons are merging into one long season."

John Worrall

Industry seeks to widen range of activities to make use of skills

AFTER agriculture, and excluding tourism, manufacturing industry has been a major factor in Kenya's economy since Nairobi was a railway yard on the line to Uganda. Manufacturing, indeed, got star billing in the recent Government White Paper on economic prospects and policies for its "major contribution to the national economy."

Kenya's factory life is nothing if not lively, and you only have to drive through the Nairobi and Mombasa industrial areas to see it all happening in clean, modern, busy factories. Earlier this year there was a large hiccup caused by power cuts attributed to hydro-electric dams emptied by drought, and activity was slowed down. Fingers are crossed.

Kenyan industry covers an ever-widening range of activities as the search goes on for new ways of using local raw materials, and the skills, Kenyan and expatriate, available. Kenya is one of the few countries positively responding to the United Nations Economic Commission for Africa's guidance processing indigenous raw materials rather than relying entirely on selling them to the the industrialised West.

The Kenyans, for instance, are active in agro-industry such as fruit and vegetable canning, producing chemicals from corncobs, textiles, sugar processing, leather making, sisal twines, paper-making, milk processing, furniture, distilling, animal feeds, confectionery, and now ethanol from molasses.

Kenya is self-sufficient in cement, with two large factories in Mombasa and outside Nairobi, and is exporting substantial quantities around the continent. It has three large commercial vehicle assembly plants, well on stream, which have attracted many ancillary industries making batteries, seat covers, windscreens, brake linings, paints and other components. Most detergents and soaps are manufactured locally. So are many pharmaceuticals and a wide range of domestic products, like cooking fats and oils; also machinery, electrical machinery, transport equipment, plastic products, pottery and glass products.

Last year there were 15,421 manufacturing enterprises, a rise of 1,154 since 1976, indicating expansion in most types of production.

Since independence, manufacturing has had an average annual growth rate of 9.5 per cent compared with 6 per cent for the total Gross Domestic Product. Output has increased three and a-half times since independence, and factory employment has risen two and a-half times. Appropriately, this growth was based with remarkable success on import substitution. Imported consumer goods now account for only 15 per cent of Kenya's import expenditure. This year, however, manufacturing growth is only expected to be about 7 per cent, due to the general downturn in trade.

As the Financial Times forecast in the Kenya Survey last year, the policy of import substitution is now coming to an end, and the Government is coming down heavily on the side of export manufacture using local raw materials, resources which are only just being tapped.

Manufacturers have been told in no uncertain terms that they must turn their industries into net contributors of foreign exchange by exporting more. The policy has an element of risk to many manufacturers, who may have had it too easy just supplying the easy-to-please local market. Now they are being urged to go out and sell in the international market place, a strange and rather forbidding place for many Kenyans.

New order

They are being told by the Government that they must change their industrial promotion techniques to suit the new order of things. No longer can they rely on the protection of high tariffs and quantitative restrictions on imports to hedge them against foreign competition. They are being told that local industries have been developed at some sacrifice by the Kenyan consumer, who has ben paying higher prices for the protection of local manufacturers.

The result has been that many local manufacturers have become slack and their goods overpriced, making them uncompetitive in foreign markets.

The Government has now decided that all existing quantitative restrictions and restrictive import licensing are to be replaced by tariffs. It is to be done systematically, starting logically with the emphasis on luxury consumer imports.

The Government is also to take action against dumping by foreign exporters, and an independent commission is being set up to investigate complaints and take appropriate action. There have recently been many glaring cases of dumping, especially in textiles and clothing. There have been reports of whole shiploads of cheap and second-hand clothes finding their way into country stores and markets, to the concern of local manufacturers and traders.

Manufacturers now have a blue print for their future as exporters. It includes an export credit and guarantee scheme to cover manufacturer's risks, such as non-payment from abroad. Local commercial banks are to be guaranteed against non-repayment of credit by local exporters. The existing export compensation scheme is to be simplified, with the responsibility for payment vested in the Central Bank operating through the commercial banks. The scheme is being reviewed to ensure that it is adjusted against the exchange rate.

The new deal starts immediately. No new "no objection," certificates, or other quantitative protective import restrictions, are to be issued either by investment agreement or administrative action.

The hope is that the new policies will stimulate industrial growth, but no dramatic increase in exports is expected immediately, largely because of Kenya's lack of experience in marketing. It may be too optimistic to expect an increase in exports of 10-15 per cent a year in real terms, but if this could be achieved it would be a shot in the arm for the gloomy balance of payments position.

All areas could benefit—agricultural processing and other industries using local raw materials. It is especially hoped that it would provide an opportunity for small local firms to start exporting.

The Government is urging foreign investors to participate with local investors direct, without insisting on Government participation through such investment organisations as the Industrial and Commercial Development Corporation, the Development Finance Company of Kenya, and the Industrial Development Bank, among others. These have been busy lately with huge developments like the two power alcohol complexes and a big glass container project. Foreign companies are to be urged to attract more local employees by allocating shares.

The Kenya National Chamber of Commerce and Industry has commented with concern on the "nullifying effect of increased duties on raw materials, as well as the non-refundable sales tax which will now be collected at various points throughout the trade."

It wants important amendments to be made to Mr. Kibaki's 1980 Finance Bill, just published, and suggests that the Government seek ways and means to exempt export-orientated industries from paying duties on raw materials and remove sales tax from raw materials used to manufacture export goods.

The Chamber is also asking for amendments to the sales tax regulations to exempt raw materials for industry from any sales tax and wants sales tax to be charged only once when the finished product is sold to the customer.

Protection

Industry is also uneasy about the abolition of quantitative controls to protect local manufacture. It is asking that a new export-oriented industry should be protected for a specified period, as should small industries on the Kenya Industrial estates, and local firms threatened by import dumping.

"Local industry must have time to adjust itself to the new policies," says Mr. F. N. Macharia, chairman of the National Chamber of Commerce. "We, like the nation, are trying desperately to balance our books, and we cannot while OPEC keeps thumping us."

The Kenya Association of Manufacturers agrees with the Government that Kenya has exhausted import substitution. "Now we have to use our own resources," says Mr. T. W. Tyrrell, its director, who advocates the setting up of a much bigger export processing industry for fruit and vegetables.

"This has immense potential, but needs capital investment," he says. The Government should use more of the private sector's experience. "After all, it is an essential part of the economic mix," he adds.

John Worrall

LOMBARD

Sense on Civil Service pay

BY SAMUEL BRITTAN

LET US suppose that you were awarded a pay increase of £1,000 in 1979, that £500 was paid straight away and £500 was delayed until 1980. Tben 1980 comes along and you are awarded another £1,000. An accountant looking at your employer's pay bill would say that he was paying you £1,500 more this year than last. You on the contrary would be conscious (a) that you were awarded only £1,000 and (b) that you had also to suffer deferment of last year's increase.

This in a nutsbell is the argument on Civil Service Pay between the Treasury and the Commons Treasury Committee. The famous figure of nearly 25 per cent represents the increase in 1980-81 in Civil Service pay. On this basis the MPs' own increase will amount to 26 per cent. There are the figures that matter for the Budget arithmetic and for the wages of the Government as an employer. There is no way of reconciling this global arithmetic with the increase that the individual Civil Servant thinks he has received.

From an economic policy point of view the Committee is right. If a private employer prices his goods out of international markets because of a 25 per cent increase in his pay-bill, his customers will not be interested in how much of this 25 per cent is "new money." All that Ministers who are worried about setting a bad example in the public sector can say is that they are paying for past Clegg-type commitments (of which Civil Service Pay Research is an example) and that future policy will be different.

Even here they will have to be careful. The "new money" average increase in Civil Service pay in 1980-81 was 18.75 per cent per annum. It was held to the so-called "cash limit" figure of 14 per cent by delaying the award until May 7 — a month into the financial year — and by a squeeze on manpower. The Committee makes a valid point in saying that pay awards have not been offset by manpower savings, if these savings were planned anyway, irrespective of the size of the pay increases.

On the other hand, the argument about the 14 per cent coming in the Central Vote and not in the individual departmental estimates is a red herring. The increase could not be allocated because the detailed settlement had still to be decided.

There is a moral for next year. Let us suppose that the Civil Service settlement is well into single figures — say 8 per cent. Then the increase is still going to look like 10 per cent on a year-over-year pay bill comparison, unless there is a further deferment storing up still more trouble for future years.

The trouble arises because cash limits were invented against a background of incomes policy as a monitoring device. Now that they have become the main method of setting expenditure targets, and a substitute for pay policy in the public sector, they will have to be presented differently. In particular the percentage increases in total and in each category must be redefined to mean what the layman always thought they did mean: that is the increases in total payments over the previous year. Moreover, the decision on the cash limit figures before the beginning of the financial year is now at least as important as their monitoring throughout the year.

But there is an even more important moral. Treasury Committee Members, it has been said, with only slight exaggeration, are "anti-monetarist to a man." If so they should remember that the "staging" of pay increases to which they rightly object is the unavoidable consequence of Incomes Policies. At the beginning the public services are made to set an example, not followed by the rest of the economy.

Eventually there is an explosion with headline-catching increases. Attempts to disguise these increases do not wash, while the recipients are conscious of the number of years for which they have been held back. So everybody is unhappy; and "cost-push" is made worse.

But the incomes policy mentality will not be defeated until the market evaluation of skills edges out so-called comparability in the public sector. Analysing how to do this would be a really useful job for the Committee.

Joy for songwriters, sorrow for buyers

THE WEEK IN THE COURTS

BY JUSTINIAN

IT WAS A week of joy for songwriters and a week of sorrow for purchasers — or at least purchasers under conditional sale agreements.

Sorrow came in the High Court in *Wadham Stringer Finance Ltd. v. Meaney*. Mr. Justice Woolf upheld the validity of accelerated payment clauses in conditional sale agreements.

The agreement in that case was to buy a Triumph car. The total purchase price of £2,145.63 was payable by a deposit of £307.35, one instalment of £53.98 and 35 consecutive monthly instalments of £50.98. The purchaser, Mrs. Meaney, paid the deposit but made no further payments.

Balance

The finance company, Wadham Stringer Finance, sued her for £1,386 under an accelerated payments clause in the conditional sale agreement.

The effect of such a clause is to make the full outstanding balance of the purchase price due in an instalment contract upon default in payment of any one instalment.

It was argued for Mrs. Meaney that the clause was void. The first argument was that it broke the provisions of the Hire Purchase Act, 1965, to which the agreement was admittedly subject.

Section 27 of the Act provides that a buyer under a conditional sale agreement, like the hirer under a hire purchase agreement, is entitled to terminate the agreement by notice in writing "at any time before the final payment . . . falls due."

Section 29 (2)(b) invalidates any provision in any agreement whereby the statutory right to terminate was excluded or restricted.

Mr. Justice Woolf rejected this argument.

The statutory right arose on a date or during a period before and only before—final payment fell due. It could not be exercised after final payment became due. As a result of the accelerated payment clause coming into effect, the date when final payment fell due had already passed before any attempt was made to exercise the statutory right.

The obligations under the accelerated payment clause replaced the obligations under any other clause of the agreement permitting payment by instalments. One of the effects of the accelerated payment clause was to accelerate the date of final payment. The accelerated payment clause was in no way inconsistent with the buyer's statutory right to terminate the agreement.

The second argument for Mrs. Meaney was that the clause was void because it imposed a penalty on buyers.

Mr. Justice Woolf also rejected this. Although in some cases the clause could bear heavily on a buyer, it could still be a genuine pre-estimate of what the finance company would lose because of the early termination of the agreement.

Moreover, since section 30 of the Hire Purchase Act 1965 contained a specific restriction on accelerated payment clauses in the event of a buyer or hirer's death, it could not be said that it was the intention of the legislature to ban all payment acceleration clauses.

No doubt, the Court of Appeal will in due course give its rulings on these clauses.

Meanwhile, those concerned with law reform may think that this is a topic worthy of special consideration.

Perhaps, the courts should be given a discretion to enforce or not to enforce a payment acceleration clause and to take into account such factors in the exercise of this discretion as hardship to the buyer. This would avoid undue hardship to individual buyers in special deserving cases.

There are freedoms more precious than freedom to drive a hard bargain. The basic problem is how to strike a proper balance between the legitimate interests of buyer and seller or hirer and owner in this type of business transaction.

Joy for songwriters — or rather their descendants or dependants — came from the House of Lords in two appeals. One was *Redwood Music Ltd. v. Francis Day And Hunter*. The other was Chappell And Company v. Redwood Music Ltd.

The appeals raised three separate points, of which the most difficult — and most important — was labelled the Collective Work point.

In many songs, the words are written by one person, and the music by another: Goethe and Schubert; Mörike and Wolf; Brecht and Weill. The songs with which the Law Lords were concerned were songs written and composed while the Copyright Act of 1911 was in force and before the Copyright Act of 1956 came into effect, and included such songs as Barney Google and Two Cigarettes In The Dark.

The main issue was whether any copyright in the words or music of these songs reverted to the legal personal representatives of their dead authors and composers, or had been transferred outright to their publishers.

Under the 1911 Act there was no copyright in a song as such, but the author of the words was the first owner of the copyright in the words and the composer of the music was the first owner of the copyright in the music.

The Act limited the power of the author or composer to assign or transfer the copyright. No rights in the copyright could be assigned or transferred for any period beyond the expiration of 25 years from the author's or composer's death. The author's or composer's estate was entitled to a reversionary interest in the copyright. Under a proviso to section 5(2) of the 1911 Act any agreement to dispose of the reversionary interest "shall be null and void."

The purpose of this proviso was to restrain "the improvidence" of authors and composers "by placing a statutory prohibition on assignment" by them "extending beyond the first 25 years following" their "death."

There was a statutory exception to this proviso. The prohibition did not apply to the assignment of the copyright in a collective work.

The music publishers argued that songs such as Barney Google, where words and music were respectively written and composed by different persons, were collective work and immune from the statutory restriction on assignment of copyright.

Four out of five of the Law Lords in the appeals decided that these songs were not collective work within the meaning and for the purposes of the Copyright Act 1911.

Lord Dilhorne, in a minority view, said in his speech that a song whose words were written by one person and whose music was composed by another was a collective work. He saw as justification for the view that to be a collective work within the definition of the 1911 Act the song must have its own copyright in addition to and apart from the copyrights in its constituent parts.

Exception

But the majority of the Law Lords ruled that a "collective work" for the purposes of the 1911 Act meant a "totality in which copyright exists in addition to and apart from any copyright which may exist in its constituent parts." The exception to the proviso was confined to the copyright in the collective work as such and did not extend to the individual copyrights of the collective work.

The songs under appeal were not collective works attracting their own copyright distinct from any copyright in their words or music. The result: jubilation for the descendants or dependants of 177 songwriters over between 30,000 and 40,000 songs.

Ela-Mana-Mou is too powerful

RACING

DOMINIC WIGAN

THOSE WHO felt that Ela-Mana-Mou would be hard pressed to stay the gruelling mile-and-a-half of Ascot's King George VI and Queen Elizabeth Diamond Stakes on Saturday, were proved entirely wrong.

As the West Ilsley colt maintained a powerful gallop right to the line, his closest pursuer Mrs. Penny was weakening badly 100 yards from home. Her inability to quite get the trip was probably the decisive factor for a furlong-and-a-half out.

There was no mistaking Piggott's confidence as he crouched ready to deliver his challenge. That confidence, which saw him glancing back to see how the remainder were faring, could hardly have been shorter lived. In a matter of strides Mrs. Penny was off the bit and finding a little.

Although the Kingsclere filly got to within a neck of Ela-Mana-Mou inside the final furlong the effort had taken its toll and, with her stamina giving way, she was beaten by three-quarters of a length.

Forty-five minutes before Tryanavos failed to recapture anything like the sparkle shown at the Curragh, his flying half-sister Tolmi further underlined her entitlement to market position for the 1,000 Guineas with a win in the Princess Margaret Stakes. Despite being slowest away of all Stilvi's bay daughter she made up the lost ground with consummate ease and was not hard pressed to outpace the admittedly more stoutly bred Kittyhawk.

Turning to today's racing the Gosforth Park executive must be bitterly disappointed with the turnout for Newcastle's feature event, the Harry Peacock Challenge Cup. Just three—Parkdale, Tumbledownhill and Lombardi are to race for this £6,000 prize. Lombardi, an American bred colt owned by Harry Demetriou is among the best of the Barry Hills juveniles and he is the selection.

NEWCASTLE
2.15—New Journalism***
2.45—Maris Quest
3.15—Border Knight
3.45—Lombardi*
4.15—Snow Blessed
4.45—Spectacular Bell**

TV/Radio

BBC 1

† Indicates programme in black and white.

6.40-7.55 am Open University (Ultra high frequency only). 9.50 Noah and Nelly. 9.55 Jackanory. 10.10 Jigsaw. 10.35 Why Don't You? 11.25 Cricket—Fourth Test: England v West Indies. 1.30 pm Heads and Tails. 1.45 News. 2.00 Your Songs of Praise Choice. 2.35 "Man's Favourite Sport," starring Rock Hudson. 4.30 Olympic Grandstand.

5.40 News.
5.50 Olympic Grandstand (continued).
7.45 Ask The Family.
8.10 Panorama: Divorce . . . Who Should Pay? The financial plight of the divorced.
9.00 News.
9.25 The Monday Film: "Ransom," starring Sean Connery.
10.55 The Editors.
11.35 Weather/Regional News.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales—1.30-1.45 pm Tredwt. 7.45 Wales Today Bulletin. 7.50-8.10 Heddiw. 11.35 News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 11.35 News and Weather for Scotland.

Northern Ireland—11.35 pm News and Weather for Northern Ireland.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.05 pm Cricket—Fourth Test: England v West Indies.
4.15 Play School (as 11.00 am).
4.40 Flea Circus.
4.45 John Craven's Newsround.
4.55 Go With Noakes.
5.25 Fred Basset.
5.30 Cricket—Fourth Test.
5.50 Nationwide (London and South East only).
6.15 Cricket—Fourth Test (continued).
†6.35 "Winchester 73," starring James Stewart.
8.05 Mid-Evening News, including sub-titles.
8.15 Dallas.
9.00 Rhoda.
9.25 Brass Tacks.
10.10 Cricket — Fourth Test highlights.
10.45 Newsnight.
11.35 Open University.

BBC-2 Wales only—5.50-6.15 pm Wales Today.

Scotland only—5.50-6.15 pm Reporting Scotland.

BBC-2 Northern Ireland only—5.50-6.15 pm Scene Around Six.

BBC-2 England only—5.50-6.15 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

LONDON

9.30 am Check It Out. 10.00 Wild, Wild World of Animals. 10.25 Mystery Island. 10.40 The World We Live In. 11.05 Little House on the Prairie. 11.55 The Animates. 12.00 Just So Stories. 12.10 pm Rainbow. 12.30 Doctor! 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Against The Wind. †2.30 Monday Matinee: "They Met in the Dark," starring James Mason, Joyce Howard and Tom Walls. 4.15 Clapperboard. 5.00 Olympics '80.

5.50 News.
6.00 Olympics '80.
7.00 Thames News.
7.30 Coronation Street.
8.00 Grundy.
8.30 World in Action.
9.00 The Sandbaggers.
10.00 News.
10.30 "Hammerhead," starring Vince Edwards, Judy Geeson, Peter Vaughan and Diana Dors.
12.20 am Close: Personal choice with Michael Burrell.

All IBA Regions as London except at the following times:—

ANGLIA

10.00 am Rocket Robin Hood. 10.25 Friends Of My Friends. 10.50 Red Gauntlet. 11.20 World Worth Keeping. 11.45 Cartoon Time. 1.20 pm Anglia News. 2.00 About Britain. 2.30 Monday Film Matinee: "Sunstruck" starring Harry Secombe and Maggie Fitzgibbon. 7.00 About Anglia. 10.30 Power Complex. 11.00 Monday Late Film: "Taste of Excitement" starring Eva Renzi and Peter Vaughan. 12.45 am Reflection.

ATV

10.20 am Sesame Street. 11.20 The Paper Lads. 11.45 Larry the Lamb in Toytown. 1.20 pm ATV Newsdesk. 2.00 Peter Sellers: 1925-1980. 2.30 The Best of Sellers: "I'm All Right Jack" starring Peter Sellers and Ian Carmichael. 7.00 ATV Today. 10.30 ATV Newsdesk. 10.35 Feature Film: "Blind Terror" starring Mia Farrow. 12.20 am Something Different.

BORDER

10.00 am About Turn. 10.25 How the West Was Won. 1.20 pm Border News. 2.00 About Britain. 2.30 Monday Matinee: "The Promise" starring Ian McKellen. 7.00 Lookaround Monday. 7.15 Photography. 10.30 Monday Film: "Innocent Bystanders" starring Stanley Baker. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and weather. 2.00 About Britain. 12.30 The Monday Matinee: "Broken Journey" 7.00 Channel Report. 10.29 Channel Late News. 10.35 Our School. 11.05 TV Movie Science Fiction Trilogy. 12.25 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 10.00 About Turn. 10.25 How the West Was Won. 1.20 pm North News. 2.00 About Britain. 2.30 The Monday Special. 3.30 Survival. 4.00 Cartoon Time. 7.00 North News. 7.10 Bailey's Bird. 10.30 The Clearances. 11.30 Celebrity Concerts (Englebert Humperdinck). 12.25 am North Headlines. 12.30 Reflections.

GRANADA

10.00 am Beatles. 10.15 Wildlife in Crisis. 10.35 The Paper Lads. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 About Britain. 12.30 Monday Matinee: Gene Kelly in "Crest of the Wave." 10.30 The Late Film: Peter Falk in "Prescription: Murder."

HTV

10.00 am The Human Face of China. 10.25 The Lost Islands. 10.50 Sesame Street. 11.50 Larry the Lamb in Toytown. 1.20 pm Report West Headlines. 2.00 About Britain. †2.30 The Monday Matinee: "A Place of One's Own," starring Margaret Lockwood, James Mason and Barbara Mullen. 7.00 Report West. 10.28 HTV News. 10.35 The Monday Film: X, Y, ZEE, starring Elizabeth Taylor, Michael Caine, Susannah York and Margaret Leighton.

HTV CYMRU/WALES—As HTV West/General Service except: 12.00-12.10 pm Trehetieu. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 2.00-2.30 Hamdden. 7.00 Y Dydd. 7.15-7.30 Report Wales. 8.30-9.00 Yr Wythnos.

SCOTTISH

10.00 am About Turn. 10.25 How The West Was Won. 1.20 pm News and Road and Weather. 2.00 About Britain. 2.30 Monday Matinee: "Tarzan and the Jungle Boy." 7.00 Scotland Today News and High Summer Extra. 10.30 The Clearances (documentary about the depopulation of the Highlands). 11.30 George Hamilton IV. 12.00 Late Call.

SOUTHERN

10.00 am Focus on Wildlife. 10.25 Little House on the Prairie. 11.20 History of the Motor Car. 11.45 Larry the Lamb. 1.20 pm Southern News. 2.00 Housepariy. 2.25 "The Mark of Zorro," starring Frank Langella. 3.45 About Britain. 7.00 Day by Day. 10.35 "Tales from the Crypt," starring Ralph Richardson.

TYNE TEES

9.20 am The Good Word, followed by North East News. 9.30 The Masterbuilders. 9.55 The New Ed Allen Show. 10.20 The White Stone. 10.45 Space 1999. 11.40 The Secret Lives of Waldo Kitty. 1.20 pm North East News and Lookaround. 2.00 About Britain. 2.30 The Mackenzie Affair. 3.30 Bloomin' Human. 3.45 Kum Kum. 7.00 Northern Life. 10.30 North East News. 10.32 The Monday Thriller: "Lady of the House," starring Dyan Cannon. 12.30 am Time Flies in Filey.

ULSTER

10.00 am About Turn. 10.25 The Lost Islands. 10.55 Sesame Street. 11.55 Cartoon Time. 1.20 pm Lunchtime. 2.30 Monday Matinee: "Crest of the Wave," starring Gene Kelly, John Justin and Bernard Lee. 4.13 Ulster News Headlines. 7.00 Ulster Television News. 7.15 Portrait of the Artist. 10.29 Ulster Weather. 10.30 Feature Film: "Traffic," starring Jacques Tati and Maria Kimberley. 12.15 am Bedtime.

WESTWARD

10.00 am About Turn. 10.25 Feature Film: "Cheaper By The Dozen," starring Clifton Webb. 1.20 pm Westward News Headlines. 2.00 About Britain. †2.30 The Monday Matinee: "Broken Journey," starring Phyllis Calvert. 4.12 Gus Honeybun's Birthdays. 7.00 Westward Diary. 10.32 Westward Late News. 10.36 Our School. 11.05 TV Movie — Science Fiction Trilogy. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

10.00 am Wildlife-Wild, Wild World of Animals. 10.25 Oliver and The Artful Dodger. 11.10 Young Ramsey. 1.30 pm Calendar News. 2.00 About Britain. 2.30 Monday Matinee: "Sunstruck," starring Harry Secombe. 7.00 Calendar (Emley Moor and Belmont editions). 10.30 "Two Mules for Sister Sara," starring Clint Eastwood and Shirley MacLaine.

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Paul Burnett. 12.30 pm Newsbeat. 12.45 Peter Powell. 2.00 Andy Peebles. 4.31 Richard Skinner. 7.00 Stayin' Alive. 8.00 Mark Hurrell. 8.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.02 pm David Hamilton (S). 3.03 Olympics 80 with John Dunn. 7.02 Much More Music (S). 8.02 Folk on 2 (S). 9.02 Humphrey Lyttelton with the Best of Jazz on records (S). 9.55 Sports Desk. 10.02 Pop Score. 10.30 Star Sound. 11.02 Olympic Sports Desk. 11.15 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This week's composer: Boccherini (S). 9.45 Piano recital (S), including 10.25-10.35 Interval Reading. 11.25 Cricket: Fourth Test: England v West Indies, including 1.35 pm News; 1.40 Your Letters Answered. 2.00 Lunchtime scoreboard. 6.40 Beethoven. 7.00 Concert (S). 8.05 Theatre Street (autobiography of prime ballerina Tamara Karsavina). 8.35 Concert (S). 9.25 Lawrence Travelling (Reading from D. H. Lawrence). 9.45 Concert (S). 10.30 EBU Jazz Concert. 11.00 News. 11.05-11.15 Hamilton Harty.

VHF—with Medium Wave except as follows: 6.00-7.00 pm Open University. 11.25 Mahler, Bach and Beethoven concert (S). Part 1 12.05 pm. Interval Reading 12.10 Concert, part 2 (S). 1.00 News. 1.05 Bath Festival 1980 (S) Song recital. 2.10 Matinee Musicale (S). 3.10 Cello and Piano Recital (S). 3.55 New Records (S). 4.55 News. 5.00 Mainly for Pleasure. 6.20-7.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 Miles Kington with the BBC Sound Archives. 9.00 News. 9.05 Start The Week with Melvyn Bragg. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 The Queen Mother (A radio biography in three parts). 11.50 Weigh-In. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1980 (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.30 Letter from a Traveller. 4.45 Short Story. 5.00 PM. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Rumpole (S). 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Monday Play (S). 9.15 Crowdie and Cream. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes presented by Vivian White. 12.00 LBC Reports. 8.00 pm After Eight Special—The Armenians. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 3.30 LBC Cinema. 4.30 After Eight. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today First Report (S). 1.10 Graham Dene (S) continued. 3.00 John Sachs (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Alan ("Fluff") Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,333

ACROSS

1 Dirty old fogy to be seen between six and seven (5, 6)
7 and 28 Untrue story of a foot? (6)
9 Type of beam the Spanish hesitate to follow (5)
10 Dry character making speedy correspondence (3, 6)
11 Media's highest register (5, 4)
12 Type of nut initially cultivated in space (5)
13 One more of the same kind or a different one (7)
15 Born and died in want (4)
18 Put back vessels for food (4)
20 Discharging vehicle right inside game (3-4)
23 Return regal drink (5)
24 Like the naturist without engagements? (7, 2)
26 Performance that could be the end (9)
27 Conciliate a French member (5)
28 See 7 Across
29 Heart-felt anxiety for main business (4, 7)

DOWN

1 Tart in bonnet and petticoat? (8)
2 Transferrer of interest like gentleman in Italy (8)
3 Turned up all right and scurried for a good book (5)
4 Lodge an American coin (7)
5 A wine tipped up in deadly poison (7)
6 Observe and arrange what females have to face (3, 4-2)
7 Hostile leader in more recent state of agitation (6)
8 Teutonic bacillus on article (6)
14 Serve worker with a slice of bread (4, 5)
16 Spoil solemn German nobleman (8)
17 Check the growth of male performer of dangerous acts (8)
19 Birds on French island building a banging nest (7)
20 Colossal bird I can upset (7)
21 Assert that everybody for example should receive a point (6)
22 Assented to article no avarice (6)
25 Entomb within a vessel (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

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St. Martin in the Fields

Academy Festival

by DAVID MURRAY

For a week, we have the Academy in St. Martin in the Fields: a happy commemorative return to its starting-place for the ensemble, this year being its twenty-first. The acoustic of the church is maximally flattering to the basic string group — on its own; but the opening Festival programme on Saturday prescribed full winds, too, and the platform allotted them was too much of an overbearing advantage. In Handel's Royal Fireworks Music, where the composer was anyway insisting on a generous role for his strings against the "martial" preferences of his royal patron, each band gets its limelit opportunities (the Ouverture and "La Réjouissance" boasted splendidly secure trumpets). In Mozart and still more in Mendelssohn's "Scottish" Symphony, the bold immediacy of the winds thrust the strings' contribution into a seeming middle distance.

Having led an exuberantly heartening performance of the Handel, Neville Marriner treated Mozart's "Prague" Symphony to a no less bouncy, athletic reading. All the music was there, but rendered in primary colours. In the outer movements, all that headlong confidence no doubt fulfilled Mozart's performing intentions admirably—a special sophistication, perhaps too special, is needed to expose the dangerous undercurrents of the music. But the Andante deserves riper mulling: in it nearly every turn reveals new depths, and Marriner's unhesitating stride left us too little pause for appreciating them. It goes without saying that what we heard was clean and richly polished.

Vulgarly out of sympathy with the later Mendelssohn, I can report only that the "Scottish" Symphony was done with great élan, and that the wind playing — granted the accidental overprominence of the band, and the opacity of Mendelssohn's wind-writing in tuttis — was of an order to lend unusual distinction to the solos. The Vivace was a tour de force, with the horns brilliantly fleet. At the end of the concert it was clear that anyone who might not previously have been numbered among the loyal Academy audience had joined the enthusiastic partisans. The next four concerts (from tonight) chiefly feature the Academy strings: Saturday brings Bach's St. John Passion.

Wigmore Hall

Chilingirian Quartet

by DAVID MURRAY

Is it encouraging that one of our leading young quartets should deal twice as confidently with Haydn and Mozart as with Schoenberg? That was what happened on Friday. Oddly one-sided sympathies, one thought, for a team once coached by Hans Keller (though their Haydn doubtless reflected his beneficent influence). Still, what they offered made a satisfying evening, partly because their study-performance of Schoenberg's Second Quartet was sited between the two Classical works instead of at the end.

The Haydn was the genial E-flat Quartet, op. 64 no. 6. Cheerful-conversational balance in the Allegretto, a chastely romantic Andante, a tearaway Finale like silent-film comedy — everything stylish and communicative. The K. 428 Quartet of Mozart, also in E-flat, took well to a heftier delivery, its often-remarked chromatic tensions grounded upon a firm bass-line and a generally rich, robust sound; more "linear" performances tend to a spidery quality, not at all Mozartean, and the Chilingirian's solid breadth was welcome.

In the Minuets of both those works, Levon Chilingirian's deliberately angled phrasing of their main subjects was delightful—bold, astringent characterisation in just the kind of Classical movement that modern players make misguidedly profaced all too regularly. How, then, could he and his team allow Schoenberg's fleeting scherzo to sound so flat and square? The opening Mässig had been all right, if a degree too bland; but all the nerve-end malice of the scherzo must be brought out in order to throw the succeeding "Litanei" into proper relief, and there wasn't a trace of it. In "Litanei" and the other vocal movement, "Entrückung," Jane Manning was not an ideal soloist in any case. Though I admire her art enormously, it might as well be said that her soprano blots too much at the top for the good of Schoenberg's arching line. For all her fine intensity, the musical shapes of those searing climaxes remained unfocused and rather ineffectual, leaving the string epilogue little to mull over. Lucky that there was Mozart still to come.

RPO plans for 1980-81

The RPO will open its 1980-81 season with a tour to Stresa, Montreaux and Lucerne in early September. Walter Weller, the orchestra's new principal conductor, launches the RPO's series of 34 concerts at the Festival Hall on September 21 with a concert featuring the soprano Elly Ameling and the young Japanese pianist Ken Noda.

Carlo Maria Giulini begins his association with the orchestra on June 28 and 29, with two performances of Verdi's Requiem, at the Festival Hall.

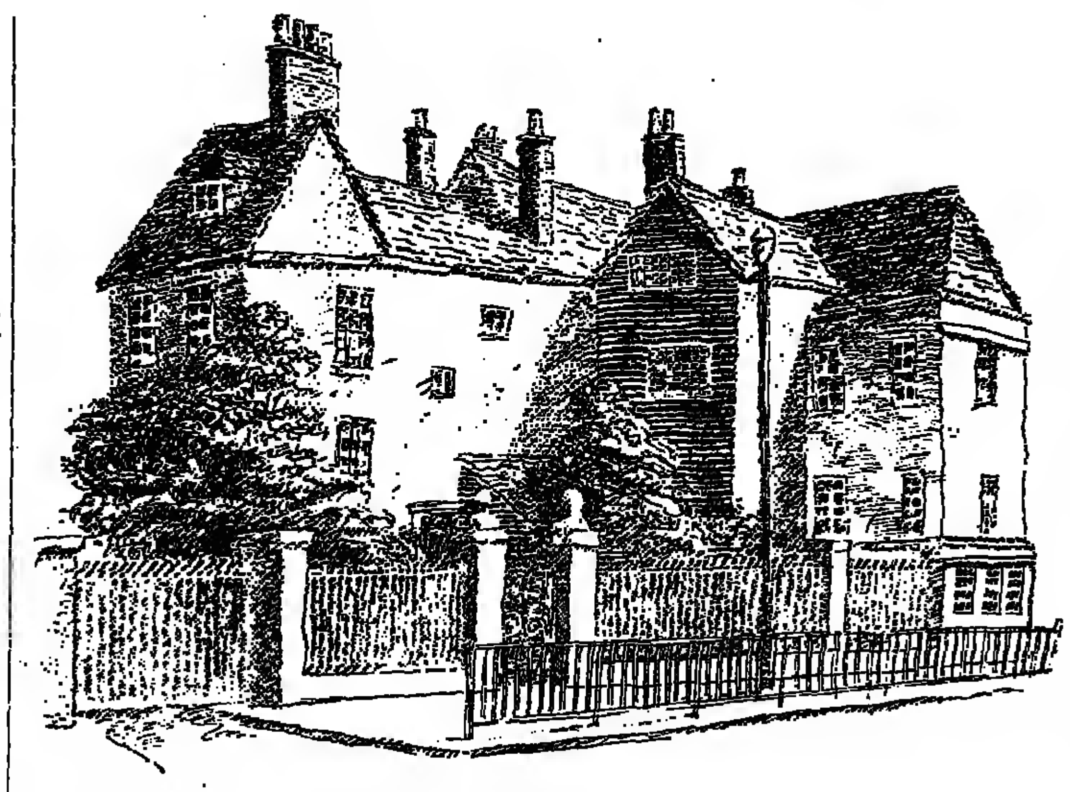
Other highlights are Jessye Norman singing Berg's "Lulu Song" on February 1, for the first time: three concerts by Daniel Barenboim in February celebrating his "Silver Jubilee" with the RPO; celebration of RPO's conductor laureate Antal Dorati's 75th birthday on May 28 with a performance of his own cello concerto, with Janos Starker; and the return of Erich Leinsdorf on April 15 to perform Bartok's concerto for orchestra.

The RPO's chairman said last week that the orchestra will need at least £500,000 over the next two/three years, on top of its LOCB grant, to fulfil its artistic and financial objectives. The Legal and General remains its major sponsor, entering its eight-year association with a commitment to date of more than £150,000. Lasky's is a prominent new commercial backer.

Wren Orchestra appointment

The Wren Orchestra has appointed a new general manager, John Burrows, 40-years-old and a former deputy managing director of Howard and Wyndham, the theatrical and publishing group. He has also been made a director. He takes up his appointment on September 8.

Capital Radio will continue to support the orchestra. Plans for the 1980-81 season include a series of Capital Concerts which the radio station will be recording for broadcast.



Artist's impression of the Hoop and Grapes pub at Aldgate as it could look if restored as a 17th-century courtyard inn

Architecture

The City in the dock

by COLIN AMERY

The City of London has no reason at all to be proud of the way it has looked after the architectural heritage of the Square Mile. Any good work that has been done to preserve certain individual buildings has been undermined by the sacrifice of the scale and street pattern.

Two important cases are about to put the goodwill of Mr. Stuart Murphy, Architect to the City of London, through a severe test. The City has applied to demolish Billingsgate Fish Market and has given consent for a ruthless gutting of the Hoop and Grapes Public House in Aldgate, a largely untouched example of a 17th century pub. As both these buildings are listed by the Department of the Environment the final decision should rest with Mr. Michael Heseltine if he feels moved to "call them in." It was Mr. Heseltine who bravely listed Billingsgate and so there is a good chance that he will intervene to save these two important remains of the City's dwindling architectural heritage.

The Hoop and Grapes is the City's last intact timber-framed building dating from the 17th century and there is a chance that it is in fact a pre-Fire building. The pub was closed by its owners, Bass Charrington, in 1979 and they are planning, with Haslemere Estates, to convert the inn into an "exclusive and highly original" set of offices.

The building was exposed to public view recently when the Gardiners Corner traffic island was made at the end of Aldgate and this accidental exposure of the rear and side elevations gives visitors to the City arriving from the East a fragmentary glimpse of the past.

This view will be obliterated by a new and ugly office building which the developers claim is necessary for the financial success of the so-called restoration of the pub. The interior of the pub and the adjoining houses are full of 17th century atmosphere and according to conservation groups could be restored as a pub with a courtyard and garden allowing for a small office conversion to finance a much more modest scheme. Charringtons' record as conservationists is not too hot; they own an appallingly neglected row of early 18th-century houses in the Mile End Road as well as the decaying Grade I House Mill in the East End.

The real tragedy of the Hoop and Grapes scheme is that it pretends to be conserving a listed building when in fact the renovation proposals accompanied by the overbearing new building will destroy all traces of history. A much more modest proposal is needed.

Billingsgate Fish Market is moving to the Isle of Dogs and the City Corporation would like to demolish the fine 1875 market building which was designed by the Architect of Tower Bridge, Sir Horace Jones. SAVE, the conservation group that campaigns all over the country to protect old buildings, has produced a scheme to turn the market buildings into a shopping and eating centre for the City lunch-time trade that will also improve facilities along the river for the tourists who visit the Tower and the Monument.

SAVE's proposals, drawn up by the Chrysalis Group of architects, show how an office building on the adjacent lorry park could finance the whole scheme. Clearly a new public use for this great Victorian market is just what is needed. New Yorkers already enjoy their converted fish market which is now an agreeable mixture of shops and successful restaurants.

Why is it that the imaginative schemes for both these buildings have come from conservationists and not from the City? It used to be fashionable to say that conservation was a negative process—both these alternative proposals are positive and imaginative, and would do a great deal to enhance the City.

Schlosspark-Theater, Berlin

James Saunders' Bodies

by RONALD HOLLOWAY

It is appropriate that an Anglophile like Intendant Hans Lietzau of the Schiller-Theater in Berlin should close the season and his tenure of office with James Saunders' Bodies at the Schlosspark-Theater in Steglitz. The same theatre has Harold Pinter's Betrayal on the boards with regular sell-outs for months now. Both will run well into the new season on popular demand alone — and new Intendant Boy Gobert will surely continue the tradition, for his Thalia Theater in Hamburg packed 'em in a decade ago with Saunders' Alas, Poor Fred and Pinter's Old Times.

A hint as to why the British playwrights (the list is a long one) continue to dominate the scene in Germany would fill a book, so suffice it to say at present that chamber dramas and social comedies are beloved by the upper-crust who frequent, and support, subsidised theatre here. Berlin's distinguished critic, Friedrich Luft, acknowledges a Scottish ancestor who endeared him to the English language and British theatre at a tender age. German translator Hilde Spiel, another distinct Anglophile, rendered Bodies in a flawless living-room prose and added, perhaps, a nuance of her own in the title, Leib und Seele (literally: Body and Soul).

Edward Albee's Who's Afraid of Virginia Woolf? aside, this is an energetic Saunders probing of the middle-class Seele and the oral trips that alternately destroy and rescue morality for the sake of a conversation alone. Helmut Polixa's direction of four veterans in the art of mental gymnastics — Regina Lemnitz and Friedhelm Ptok as the young couple, Helen and David, and Lieselotte Rau and Erich Schellow as the older Anne and Mervyn — is light and supple. The staging (Hans Bohrer, Polixa) seeps of a studio-jungle for stalking prey behind sofas and bookshelves, or stripping a human to his or her psyche. German theatre at its introspective best.

Kent Opera sponsorship

Kent Opera have announced that their forthcoming production of Verdi's Falstaff, directed by Jonathan Miller, is to be sponsored by Sainsbury's, in association with the Sainsbury Family Trusts.

Arts Council theatre writing bursaries

The Arts Council has approved theatre writing bursaries of £2,000 for Jamie Reid, John Antrobus, Colin Bennett, Kenny Murray, Peter Flannery and Ted Moore, and bursaries of £1,000 for Frederick Proud and Noel Greig.

Covent Garden

Swan Lake

by CLEMENT CRISP

The Makarova/Dowell Swan Lake on Saturday afternoon was sustained throughout by the emotional rapport, the sense that they were dancing for each other, which had given these same artists' Manon such dramatic coherence two days before. Both characterisations had that hard-won simplicity which comes when dancers have learned to reduce their interpretations to an essence. Dowell had to rid himself of a crown and trailing cloak, sported in the opening scene, which are a witless means of identifying Siegfried to us as a Prince, and which succeed only in making this princely dancer look like a waxwork.

Freed from these fatuities, Dowell poured out the first-act solo as a magisterial statement about classic line. Once united with Odette, his Siegfried acquired purpose, and hence dramatic focus. And because Makarova on this occasion presented a very "inward" Odette, a creature seemingly contained within her own despair, the lake-side scene took more of its colour from Siegfried's sudden, obsessive passion.

The upward, outward curve of Odette's dances wreathed gloriously round Siegfried, but her spiritual isolation broke only at one thrilling moment when, in the pas de deux, she took Siegfried's hand and pressed it to her face in a brief, tender gesture before moving away from him.

The adagio was exquisite in its sweeping legato to phrasing; the succeeding variation ended somewhat indecisively; but the leave-taking was more fraught and dramatically poignant than I have seen it before with Makarova, whose body bent despairingly towards Siegfried as Rothbart's spell again took hold, the arms then turning into wings before our eyes.

The dreaming Siegfried who danced with the prospective fiancées was shown by Dowell as a man who has met his fate. And the Odile who tricked him was almost contemptuous: Makarova's portrayal of the enchantress, and her technical account of the dances, had an invincible allure. Both performers were able to surmount the tension-wrecking fact of the third act duet as a circus-piece for which the audience eagerly waits: the integrity of their playing could even bridge the interruptions of applause; the final pose, Makarova's body back-flung in triumph and held by the ecstatic Siegfried, was an essential image of the drama and not merely of the interpreter as successful virtuoso.

The end of Act 4 was also potent: for once the fevered decision to die together seemed inevitable (the preceding tug-of-war moments with Odette torn between Siegfried and Rothbart need editing), and the dramatic impulse behind this high-Romantic gesture was matched by a dance impulse no less bold, the bodies driven by feeling. It is a matter for satisfaction that this Makarova/Dowell reading is to be filmed by Thames Television for later transmission.

★

Meanwhile, out at Richmond, the Royal Ballet School has completed a week's season which brought a mixed bag of programmes. The main interest resided in the new Douzes Espanolas that Michael Corder has created for the senior students, to a Granados' piano suite. Neat, well-made, well-tailored to the abilities of his young interpreters, I thought the piece charming, gently apt in its way with the music — without fuss, Corder fits steps happily to the score — and with enough pimento-flavour in these classic dances to let the students show that there was a slight debt to be paid to Spain.

I admired the entire cast, with Kate Strong especially pleasing in her brave, clear extensions and speed of movement: the pocket-handkerchief stage and its steep rake are no help to the dancers, but Corder showed them at their best.

I wish I could comment with as much pleasure about the Bournonville items on display. I take it as indicative of the Royal Ballet School's view of the great Dane that they misspelled his name and that of one of his composers. I could see no evidence that anyone involved had received first-hand instruction in Bournonville schooling. It is high time that the RBS gave its pupils authentic Bournonville classes: even on the evidence of these unidiomatic accounts of the Genzano duet and the Napoli septet, the young are enhanced by the bounding, brilliant choreography.

Russell Maliphant and Nicholas Ringham looked very bright in Napoli, and Alessandra Ferri reaffirmed that she has a special gift — quiet yet airy — waiting to blossom into something that I hope may prove an important talent. What each of these attractive young dancers did manage to show, though, was that vital quality needed for Bournonville: a joy in dancing.

Glyndebourne

Der Rosenkavalier

by MAX LOPPERT

At Friday's performance of the new production of Der Rosenkavalier, two important changes of cast brought us Elizabeth Harwood's Marschallin and the Baron Ochs of Artur Korn, a German bass here introduced to Britain. Both were successful; the playing was rounded, musically fully savoured, in a way that confirmed the essential vitality, interest, and freshness of the staging by John Cox in its already fabled Erté designs. Future seasons will no doubt provide many further opportunities for rushing to the defence of both, for this is not the moment; but I must insist that at this performance, conducted with a splendid combination of metal, dramatic purpose, and chivalry to his singers by Bernard Haitink (the LPO, alas, not always in very good form), the Glyndebourne standard flew high and proud.

Miss Harwood's princess is a beautifully measured creation; her qualities, particularly in the first act, set off resonances in the Gallic lightness and wit of the setting, supplying therein a necessary emotional core. Most of the bloom has faded from the timbre, most of the substance from the tone; the weighting of middle-register phrases, in which Strauss vocal writing is conspicuously rich, must be undertaken with especial care, and even then do not always emerge exactly balanced or perfectly tuned.

In a small theatre (and because Mr. Haitink's vigilance about letting every utterance through the instrumental texture was on this occasion unsleeping), this seemed to add to the poignancy of the characterisation. Miss Harwood is a polished actress, graceful in comedy, subtle in the transitions from playful to pensive moods; if her fragile singing cannot quite convey the robust sensuality of the woman, her pathos comes naturally, without undue emphasis. The style is finely judged—the Marschallin is not a wholly admirable woman, and Miss Harwood's treatment of Sophie, at once exquisitely modulated and brutal, does not shrink from a moment of dislikeable cruelty. She utters the words affectingly and sentiently. She carries the costumes easily—no mean feat. She is a true Marschallin.

It can be no pleasure having to succeed Donald Gramm in any role. Mr. Korn did so with a most taking determination and confidence. Ochs is one of the notable successes of this production, a man tending to grossness yet still a ripely attractive figure, crude but canny in his manipulation of other people, something of a country buccaneer blazoning forth in black and red. Mr. Korn filled the stage with his presence, which an Ochs must do; his playing was idiomatic in the best way, in his accent, demeanour, and attack he won a natural quantity of audience sympathy without conniving at it. The voice is a fine one, boldly used — true (if not massive) far below the bass stave, firm and even brilliant above it, and with an appealingly grainy character to the timbre. A passing word for the duenna of Rae Woodland, the Werdenberg Major Domo of Hugh Hetherington, the Police Inspector of David Wilson Dickson: in a Rosenkavalier where the comedy sometimes a queasy business is fitly handled, small parts such as these seem grateful indeed.

Arts news in brief

The "Come to Britain" Trophy for 1979, a special award for public enterprise, has been given to the Tate Gallery for its Extension, opened in May 1979.

The award for private enterprise goes to the Pier Arts Centre in Stromness, Orkney, which houses the Pier Gallery Collection of 20th century abstract art, exhibited at the Tate Gallery in the autumn of 1978.

★

Mr. Norman St. John-Stevas, Minister for the Arts, has accepted the recommendation of the reviewing committee on the Export of Works of Art that a licence to export the archive of the philosophical papers of G. E. Moore OM (1873-1958), should be withheld for two months to give public collections in the United Kingdom the opportunity to purchase it.

★

Martini and Rossi have agreed to sponsor a major season of Italian films at the National Film Theatre in September.

The season will be called Before Neo-Realism: Italian Cinema 1931-44 and 30 feature films will be shown. The majority will be specially imported from Italy and will not have been seen in Britain before.

★

The Oxford Festival production of The Horseshoe Theatre Company's I Have Been Here Before by J. B. Priestley transfers to the Old Vic for performances from July 29-August 23.

MICHAEL THOMPSON-NOEL LOOKS AT OLYMPICS SCENE

For Britain, it was most inspiring

WRITING WITH characteristic panache, Christopher Brasher of the Observer, doyen of Olympic track writers, gave vent to the feeling yesterday that "you lot, back home in Britain, have not been made fully aware of what we out here in Moscow are witnessing"—namely, one of the most inspiring Olympics for Britain, boycott or no, since the organising authorities dropped tennis and croquet from the Games curriculum.

Armchair-bound or no, those of us at home got a welcome breather yesterday after the heroics on Saturday in which Steve Ovett outpowered Sebastian Coe in the final of the 800 metres, and Daley Thompson proved himself one of the greatest decathletes in history, to complement the gold-medal performance of Scotland's Alan Wells in the final of the 100 metres.

There were some impressive British exploits yesterday, with Wells recording the fastest qualifying time in the opening round of the 200 metres, David Jenkins reaching the second round of the 400 metres, and Britain winning three medals in the East German-dominated rowing finals.

Yet the Games yesterday belonged squarely to Miruts Yifter, the tiny, balding Ethiopian, who ended the domination of Finland's Lasse Viren in the 10,000 metres, winning the event with a typical flourish. His time was 27 min. 42.7 sec. Britain's Brendan Foster was 11th, just ahead of another British runner, Michael McLeod.

The 35-year-old Yifter, wore down the field with a devastating sprint some 300 metres from home. Viren, the Olympic 5,000 and 10,000 metres champion in 1972 and again in 1976, trying for an unprecedented third straight win at the longer distance, wound up fifth in an intriguing tactical race.

Viren tried valiantly, but an injury suffered in June that cost him two week's training probably reduced his effectiveness, and may have cost him the gold.

Kaarlo Maaninka of Finland finished second, in 27:44.3, ahead of two other Ethiopians.

In other finals last night in the Lenin Stadium, Nadezhda Olizarenko led a 1-2-3 Soviet sweep in the women's 800 metres with a world record run of 1 min. 53.5 sec. Dainis Kula led a 1-2 Russian finish in the men's javelin with a throw of 91.20 metres (299 feet, 2 inches) and Thomas Munkelt of East Germany won the men's 110 metre high hurdles in 13.39.

The men's rowing finals proved such a benefit for the East Germans, who won seven of the eight gold medals, that Britain's silver and two bronze assumed an added lustre.

The silver was won by the British eight, which has rowed together for only 10 weeks; the two bronze by Charles Wiggin and Malcolm Carmichael in the coxless pairs, and by the British coxless four.

In the eights, the British started smartly, but at the 1,250-metre mark coxswain Colin Moynihan discovered they had lost their rudder. Barely missing a beat, he reached behind and steered the British boat back in front of the Russians and Romanians. According to Moynihan, the loss of the rudder was noticed only by himself and stroke: the rest of the crew were fortunately oblivious.

Carmichael and Wiggin, the latter a student at the London School of Economics, were delighted with their bronze in the coxless pairs, although fatalistic about the way the "Easties" row.

Apart from Britain, only single-sculler Pertti Karppinen of Finland was able to wrest a medal from the Eastern Bloc Europeans—in his case a gold, to go with the one he won in Montreal. He was the only "Westerner" actually expected to win, and beat Vasily Yakusha of the USSR by a length.

The rowing finals were very much a family affair, with 10 pairs of brothers competing, four of them twins. The coxless pairs even boasted a one-two finish for twins, with East Germany's Bernd and Jord Landvoight, the defending Olympic title-holders, winning the gold from Yuri and Nikolai Pimenov of the Soviet Union.

If President Carter is following these Olympics, he will have heard that the U.S.-inspired boycott of the Games had its biggest impact so far in the three-day equestrian event, in which Federico Roman of Italy won the individual gold medal yesterday, and the Soviet Union the team gold.

Fritz Widmer, president of the International Equestrian Federation, claimed that there were "no cheap medals" on offer, but his confidence was belied by the absence of Britain, the U.S., and West Germany. Indeed, only 11 teams competed.

Raman, a 28-year-old political science student, no less, had a total penalty tally of 108.6, ahead of Alexander Blinov of the USSR (120.8). The Russians won the team competition with 457 penalty points, ahead of Italy (656.2) and Mexico, with no fewer than 1,172.8 penalty points, the disparity between them a measure of the impact of the boycott.

On the medical front, Vladimir Lapitsky, the Soviet fencer injured in a freak accident in the Olympic foil team event, was said to be satisfactory in hospital.

"He is not in a critical condition," said Vladimir Popov, vice-president of the Moscow Olympic Organising Committee. Lapitsky, 21, last year's world champion, was run through by the broken foil of a Polish opponent on Saturday. A hospital spokesman said the weapon apparently pierced a blood vessel but missed Lapitsky's heart.

YACHTING

Tighter conditions for next Fastnet yacht race

TIGHTER CONDITIONS are to be placed on entrants for the Fastnet Race, in the wake of last year's disaster in which 15 people died.

The organisers, the Royal Ocean Racing Club, said yesterday that changes planned for next year's race would include a qualification requirement that vessels and crew must have specified ocean racing experience. All boats will also have to have VHF radio.

The official report into the tragedy blamed exceptionally severe seas for a disaster unparalleled in yachting history. Conditions for most competitors were outside their previous experience, so errors were inevitable.

The conclusions of the race inquiry are analysed by yachtsman and journalist Bob Fisher in his book The Fastnet Disaster and After.

The book contains dramatic, personal accounts by competitors and rescuers.

Mr. Fisher says that while force 10 winds and gigantic seas played a major part, panic, faulty equipment and lack of knowledge of safety procedures were contributors in some cases.

The race, a climax to Cowes Week, is held every two years, and the last time there was any real wind was in 1971. Fisher believes that because the next three races were "windless" events, the week-end sailor could have been led to believe he was capable of tackling a race beyond his capacity.

The Fastnet has created its own charisma in the yachting world, and 303 boats involving nearly 2,500 sailors representing 21 countries set out last August on the 605-mile classic from Cowes to the Fastnet Rock off the Irish Republic, and back to Plymouth. They included Edward Heath's Morning Cloud, which survived a knock-down, although the former Prime Minister cashed his leg.

Besides those who died, 136 were rescued from 23 boats which were abandoned or sunk.

Working parties are now looking at ways of improving the performance of life rafts and safety harness. Fisher says failure of harness or attachment points accounted for six lives. More than 20 manufacturers offer their products in Britain alone, and many do not conform to the standards required by the British Standards Institute. He urges a consumer survey to "weed out the unsafe ones."

Fisher also suggests the renaming of life-rafts. "They are the very last resort, and as such would perhaps be better named emergency rafts."

"In practice in this race the life-rafts did save lives, but lives were also lost due to their failure and in some cases because of the implicite belief that they were the safest place to be—a proven fallacy in at least three cases where fatalities occurred."

The Fastnet Disaster and After is published by Pelham Books at £7.50.

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Rules for the public sector

THE USE OF public sector purchasing to promote the interests of domestic manufacturers has obvious attractions: that is why most industrial countries continue to do it, despite international efforts to curb a serious non-tariff barrier to trade. Yet the conflicts which arise in putting the policy into practice can be awkward, especially for a non-interventionist government which believes not only in competition but also in giving taxpayers and consumers value for money.

U.S. rivals

The British Cabinet has been trying, so far without success, to resolve an argument between the Department of Industry on the one hand, and the Treasury and Inland Revenue on the other, over whether a contract for a new PAYE computer system should be awarded to ICL or put out to open tender. Under the existing preferential purchase arrangements, which are due to be withdrawn at the end of this year, the order should go to ICL if it can satisfy the customer on price, performance and delivery. Because the contract is a large and important one, ICL's American-owned rivals, most of whom have sizable investments in Britain and have long resented ICL's privileged position, are pressing hard for an opportunity to compete. The Treasury is thought to have doubts about ICL's capacity to do the job and hence to favour an open tender, but that view is not universal in Whitehall.

The controversy over the PAYE computer occurs at a time when the whole issue of public sector purchasing has become a sensitive one for the Government. A few weeks ago the Civil Aviation Authority decided to order radar equipment from a foreign supplier, much to the irritation of the British electronics industry. Another Whitehall row is in progress over the desire by the Defence Ministry to buy light communications aircraft from the U.S. rather than from British Aerospace. Finally Sir Keith Joseph, Industry Secretary, is planning new initiatives in this field, mainly aimed at the nationalised industries.

Tokyo round

In an ideal world, of course, all public sector contracts would be open to international competition on an unrestricted basis. It is a weakness of European industry that national markets for such products as telecommunications and heavy electrical equipment are still segmented. The Commission in Brussels has been trying for some years to open them up, with disappointing results. The agreement on Government procurement which formed part of the Tokyo round of trade negotiations was a step in the right direction, but progress is unlikely to be dramatic, especially at a time of world recession. Preferential public purchasing, official or unofficial, is a form of protectionism which is deeply embedded in most of the industrial countries, including the U.S.

In practice the conflict is not between protection and free trade but between the purchaser's insistence (often stemming from a statutory obligation) on ensuring value for money and the interests of the domestic industry concerned. Government departments and nationalised industries in the UK, like their counterparts elsewhere, will normally buy from local suppliers unless there is a compelling reason not to do so. That reason may have to do with price or delivery. It may be that the local supplier has less experience with the product or system required than his foreign competitor.

Decisions

In general departments and public corporations should be free to make their buying decisions on a commercial basis. This does not preclude taking a long-term view of the help of the supplying industry, as most of the nationalised bodies do. The problem arises when the preference of the purchaser conflicts with some other objective which the Government of the day considers important. In the case of computers, the public sectors choice has been restricted for several years, because successive Governments have sought to strengthen a British-owned manufacturer as a counterweight to the American companies which dominate the world markets. This is a legitimate objective, as long as the protection is seen to be temporary, and the costs are kept within reasonable limits.

Given that the preferential rules still apply, there is no reason for the Government to depart from them in the PAYE case unless Ministers are convinced that the financial and technical risks of awarding the contract to ICL are unacceptable. That is a judgment which politicians are ill-equipped to make. There is no easy way of reconciling the interests of the taxpayer with those of a favoured company or industry, but the dilemma is likely to recur if the Government intends to play a more active role in public sector purchasing.

Irish unity and prosperity

MR. CHARLES HAUGHEY, the Irish Prime Minister, has been understandably but wrongly suspected of undue sympathies towards the Provisional IRA and its supporters in the U.S. ever since he took office last December. The suspicions go back to his past rather than his recent actions.

Mr. Haughey appears to understand as well as anyone that the main threat posed by the IRA is not to Great Britain nor even to Northern Ireland, but to the Irish Republic itself. In the UK the threat has been shown to be containable, though at a price. Yet if the IRA were to turn its guns on Dublin, as to some extent it has already done by the repeated bank robberies, the prosperity and even the stability of the Republic would be at risk.

It is for that reason that Mr. Haughey has agreed to improvements in Anglo-Irish co-operation on security since he took office. Not only has he gone out of his way to show that he is not soft on terrorism; he also believes that he has established a working relationship with Mrs. Margaret Thatcher, the British Prime Minister.

Nevertheless, the suspicions of his motives have lingered, not least within Irish politics. That is why Mr. Haughey was obliged to make a speech yesterday denouncing the more extreme Irish-American organisations which have given succour to the IRA. The denunciation has now been made in no uncertain terms. It should be enough to prove the point that he is interested in pursuing Irish unity only by peaceful means.

Yet for the British, and even more so for the Protestant Northern Irish, there lies the rub. It is not that Irish unity is still the aim: less could hardly be expected from the party that Mr. Haughey leads. It is rather that he seems to be seeking too much, too fast.

Mr. Haughey appears to have convinced himself that the latest British initiative on Northern Ireland—the holding of further consultations with the political parties concerned on restoring a degree of devolved government to the Province—has failed. That is not yet the case. Moreover, even if there is no agreement between the parties, the British Government will still have the option of imposing a solution in the hope that the parties will agree to co-operate later. Such a course might well be preferable to continuing the political sterility of direct rule. Mr. Haughey would do better to encourage these consultations while there is still a chance.

There is, besides, no reason why a measure of devolution for Northern Ireland should be incompatible with the sort of wider solutions he is now talking about, whether federation or confederation. On the contrary, giving the Northern Irish a say in their own local politics could be seen as a necessary first step to a broader agreement.

Economic

Mr. Haughey also appears to have convinced himself that the British economic withdrawal from Northern Ireland has begun. That is sheer wishful thinking, as the British decision to pump another £42.5m. into Harland and Wolff must illustrate. There is no question, either now or in the foreseeable future, of economic abandonment of the Province; nor, as it happens, is the Republic in any position to take over the responsibility.

Mr. Haughey spoke yesterday of the twin aims of the "unity and prosperity" of the Irish people. It may be that you cannot have one without the other; the lack of unity undermines the prosperity—on both sides of the border. That is why he is right to stress the importance of Anglo-Irish co-operation. But the transformation is not going to come about overnight. The Irish Prime Minister would be better advised to pursue the co-operation quietly and not to misinterpret British intentions. The British Government, for its part, should do everything possible to encourage closer relations between London, Dublin and Belfast.

The minefields at the Isle of Grain

By JOHN LLOYD, Labour Correspondent

THE Isle of Grain dispute presents the Labour movement with a most serious problem. It is all the more intractable for being rooted in the complex realities of labour relations on big construction sites.

These realities are the bedrock of the dispute, for it is from them that it has arisen and in them that a solution must be found. The discovery of that solution will be undramatic, yet of exceptional importance for both industry and unions.

It will be undramatic because it will be slow. The flash points of confrontation — between pickets and workers at the site in May, or between union leaders at the TUC's general council last Wednesday—have been counterpointed by numberless hours of grinding negotiations in the offices of the unions concerned, or the Central Electricity Generating Board (the client) or the TUC.

Even now, after the general council has made firm recommendations which will be flouted by dissenting unions on peril of suspension, the wheels will continue to grind slowly. The TUC has, so far, proposed a solution under its Rule 12 (see table for details). The construction and engineering sections of the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union, together representing about 1.7m members, have refused to accept the proposals. The TUC must now decide whether or not to invoke Rule 13, under which unions may be suspended—but it cannot do that until general council meets again at the end of August.

Since the next congress is only a week after the council's August meeting, TUC officials consider it almost an impossibility that the lengthy procedure which rule 13 stipulates should be exhausted in that time, and suspension implemented.

The Isle of Grain is thus unlikely to provide high drama for the TUC Congress. Yet although the issue is constructed of a tangled skein of national and local agreements, trade union demarcation lines and bonus differentials, its history has thrown up two fundamentat areas of conflict—one surrounding what is seen as a basic

Two unions are in peril of suspension if they flout the TUC

trade union principle, the other about what is seen as an industrial necessity. The fundamental question, therefore, is: when principle meets necessity, which one bends?

Last October, 27 thermal insulation engineers, or laggers, members of the General and Municipal Workers' Union (which holds a monopoly on lagging work in England) were suspended by the CEGB from work on the Isle of Grain after refusing to accept a bonus rate common to other craft workers. The Grain laggers were accustomed, there as elsewhere, to earning the high, "open-ended" bonuses possible under the agreement signed in the early 1970s between the GMWU and the Thermal Insulation Contractors Association.

The unfinished lagging soon acted as a bottleneck on other work. The TUC's first attempts to mediate in March and April failed because its proposals continued to allow the payment of higher bonuses to the laggers than to other skilled men, which neither the CEGB nor the other craft unions would countenance.

On April 21, the CEGB suspended work on units 4 and 5 of the five-unit site, with the loss of 600 of the 2,000 jobs. Further, it said it would close the station completely by June, with only one unit (unit 2) operational, unless lagging work could be restarted.

Here, the first issue of principle was created. The craft unions which organise about 70 per cent of the labour on site—the construction and engineering sections of the AUEW, and the EPTU — agreed to supply laggers in place of the GMWU men; in short, to take over work traditionally reserved for another TUC union.

The principle breached by the AUEW and the EPTU is that enshrined in the Bridlington Agreement (so called after the location of the TUC's Congress in 1939), which is designed to minimise inter-union disputes over that potentially most disputatious ground, membership recruitment.

At the core of Bridlington is the principle restated and updated as recently as last year's Congress, that "no union shall commence organising activities at any establishment or undertaking in respect of any grade or grades of workers in which another union has the majority of workers employed and negotiates wages and conditions, unless by arrangement with that union."

The principle was not only breached: it was smashed wide open when, on May 21, Mr. John Baldwin, general secretary of the construction section of the AUEW and Mr. Eric Hammond, an EPTU executive councillor, led workers through some 400 jeering GMWU pickets in to the Grain site.

The two unions did so because, as they have since continually argued, they recognised the necessity which opposes the principle.

The necessity has been spelt out by the CEGB, supported by the other large site clients and by the engineering employers. It is the need to achieve order in wage and bonus levels on construction sites as the major step to improved industrial relations and thus to improve the disastrously low levels of productivity for which these sites are notorious. To achieve that, there must be agreement from *all* workers on a common wages and bonus structure. One renegade group outside destroys all. The CEGB has repeatedly said that if it doesn't get such agreement on Grain, it will close the site. The AUEW and the EPTU believe it.

Between these two opposing poles, the TUC has moved—its mediation aimed always at reconciling principle with necessity. Led by Mr. Len Murray, the TUC general secretary and Mr. Tom Jackson, general secretary of the Union of Communications (formerly Post Office) Workers, it has pushed the GMWU into accepting "harmonisation" of bonus rates—the payment of roughly equivalent rates for roughly equivalent work — under a common site agreement.

The CEGB maintains that this is not enough. It objects to the clause in the TUC proposals which stipulates that the laggers be re-employed under the thermal insulation agreement, whether the bonus rates are "harmonised" or not. It wants them covered by the mechanical contractors' agreement, under which the replacement laggers already work. The other craft unions, whose members work under the terms of the mechanical agreement, take the same line: they want to guard against any possibility of a return to the old, high, bonus differentials.

Yet harmonisation is a long step for the GMWU to take, and one it may yet prove difficult to sell to its members. The TUC believes it has done well and is angry with the CEGB for refusing to accept the proposals. But it cannot, in whatever it proposes, legalise the poaching of work belonging by custom to other unions. It must get the GMWU men back on the job—the corollary of which is that the 60-80 replacement laggers must be moved.

But where would they go? The AUEW, which organises many of them, will not at present have them moved. They cannot be redeployed elsewhere on the site, because other workers recently made redundant have first claim on any vacancies. If they leave, says Mr. Baldwin, lagging will stop: if it stops, the station will be closed.

Such imponderables are in the minds of TUC officials and senior trade union leaders who must squeeze and stretch the proposals once more, in further attempts to accommodate the two contradictory issues and yet keep the site open. As they do so, they will have to bear in mind a further initiative, closely linked to Grain: the tortuous negotiations, now reaching their climax after many years, to secure a national agreement for large construction sites.

In the 12 years since large construction sites became an official problem, little has changed for the main clients—the CEGB and the large oil and chemical companies—except for the worse. The clients tend to focus much of the blame on the bonus system which, unlike the basic rates and conditions, are negotiated locally. Site shop stewards, who negotiate these local deals, have seen their power grow, especially during government pay policies where national officials had to take what they were given while stewards got what they could take, in exchange for so-called productivity deals.

However, as the CEGB put it in its evidence earlier this month to the Commons Select Committee on Energy which is investigating Grain: "Few of these deals have been accompanied by a corresponding improvement in performance, as measured by work study techniques. This has led to the erosion and even reversal of contractors' staff salary differentials with consequent loss of supervisory morale . . ."

Two reports—by the Committee of Enquiry into delays in commissioning CEGB power stations (1969) and a National Economic Development Office committee on large sites (1970)—recommended that a large site agreement, common to all unions containing a high basic wage and as low as possible a bonus (no more than 30 per cent of basic), should be concluded. Without it, the proliferation of bonuses and differentials, and the scope for "leapfrogging" claims on site, would continue.

They have. On Grain, where work has spanned much of the past decade, bonuses have reached 400 per cent of the basic wage—so that where, in 1979, the basic rate was £1.77½p an hour, bonuses for laggers could bring gross hourly earnings to around £9, while other workers might make £4 or £5 an hour.

Further, of the 2.1m man hours lost through industrial disputes during the past nine years, perhaps as many as half were lost over bonus claims. The CEGB estimates that industrial action has pushed up the cost of the Isle of Grain station since 1970 by £64m—though inflation has wreaked much worse havoc, adding £271.6m to the 1970 estimated price of £214.4m.

In 1976, the NEDO produced a "horror" report, showing average productivity levels in UK sites lower than in other advanced countries, and project times in some cases twice as long. The causes were complex: they could not simply be reduced to bad site practice. As the NEDO report noted: "Though the symptoms manifested themselves most dramatically during the construction phase of the projects, it should not be assumed that the origin of the problem necessarily lay in the construction phase rather than in the earlier phases of project definition, engineering and procurement."

Thereafter, serious attempts were made to move towards a rationalisation of wages, bonuses

The dispute involves two fundamental areas of conflict

and conditions. They were impeded for some time by the failure of the two groups of employers—the mechanical contractors, and the oil and chemical plant contractors—to agree. But by the beginning of 1979, agreed ground rules began to emerge.

The three main bodies concerned with the talks are the Engineering Employers' Federation, for the mechanical contractors; the Oil and Chemical Plant Contractors Association; and the National Engineering Construction Committee for the unions. At present the first two of these are finalising a draft of the first national site agreement, in consultation with the major clients. That draft will be formally presented to the unions at the end of this month, and negotiations should take place in August.

The unions are certain to demand that the draft sets a common basic rate. This year, the two main agreements—the Oil and Chemical Plants Agreement and the Mechanical Construction Engineering Agreement, negotiated in January and June respectively, have set an hourly rate of £2.20. However, the electricians, who presently bargain separately but who will be in the scope of the national agreement, won £2.70 an hour for their highest grade—and thus all unions will demand that this is the level to which all must be raised from its inaugural date of January, 1981.

The major gains here are seen to be first, a common settlement date for all workers and second, a higher basic rate aimed at curbing pressure for a plethora of bonuses.

Second, the draft agreement will propose a national joint council, bringing together all employers and unions to determine wages and conditions for all trades. The national structure will be complemented, at site level, by project joint councils, which will administer supplementary site agreements—though, crucially, these will be subject to ratification by the national councils. The aim, clearly enough, is to control both basic wage and bonus rates as completely as possible by giving power back to the unions' national officials, thereby cutting off the potential for leapfrogging at source.

In this agreement, as at Grain, there must be no exceptions. And here too, as at Grain, insulation work has been the stumbling block. The fact is that the GMWU has been able to get high bonuses for its members, while the thermal insulation contractors have been able to pass on the high labour costs to the clients. It has thus suited both sides; however, the other contractors, the clients and the craft unions are now ganging up on them.

Both the insulation contractors and the GMWU are feeling the squeeze. Ultimately, it seems likely that both will have to come in, or watch as Grain is repeated elsewhere, with other unions and other contractors doing their work. That, of course, would provoke further bitter inter-union conflict, possibly worse than has already been seen.

These are the minefields, local and national, through which the TUC must pick its way in the weeks and months ahead. The possibility of a false step, and a consequent explosion, must be rated as high.

Laggers picket the Isle of Grain.

THE TUC PROPOSALS

The main proposals endorsed by the General Council are:

- Immediate talks to begin between the CEGB, the GMWU and the insulation contractors on productivity arrangements which will "harmonise" with those for other skilled workers.
- On agreement on these arrangements, most of the lagging work will be awarded to an insulation contractor employing GMWU members. Other insulation work handled by mechanical contractors will be paid under the insulation contractors' national agreement.
- GMWU laggers formerly employed on the Isle of Grain will have first offer of work. Thereafter, any GMWU qualified lagger may apply.
- All unions will co-operate in a "smooth transition of operations," and any further disagreement may be referred to the TUC.

MEN AND MATTERS

Second round for Horsley

When Maxwell Joseph creamed off John Travers Clarke to tend Grand Metropolitan's hotel and catering affairs, he also deprived the Dairy Trade Federation of its president at a most delicate moment. With the dead hand of the Common Agricultural Policy weighing down on the British dairy business, doorstep milk sales falling faster than ever and federation members bidding in Whitehall for an extra 1½p on the price of a pint, experienced negotiators cannot be happily spared.

Into the breach, then, steps the pugnacious young chairman of Northern Foods, Nicholas Horsley, 46, for his second tour of duty. Aleady busy working on the price increase, Horsley is in little doubt about the root of his industry's difficulties.

An unwavering opponent of the CAP, he recently argued that Britain should force reform or quit the Community. Now he is attacking the latest manifestation of teh ineqity of Brussels thinking, increased levies on milk producers. "Brtain is not self-sufficient in milk products," he tells me, "but look at them preventing us from producing sore."

Even though the whole of the food processing and distribution industry, through its myriad representative bodies, tells many a similar tale of woe, Horsley is convinced there is no danger of his voice being lost in the clamour. The federation, his argument runs, is so highly specialised within a sector which absorbs 20 per cent of the whole EEC budget, that it has a role more precise than that of a mere mouthpiece for milkmen's complaints.

At home, where milk is such a prominent item in the retail prices index, and where the federation negotiates politically sensitive prices and margins directly with Government, the new president finds himself in the happy position of having privileged access to the Ministerial ear. No surprise, then, for him to admit that up at Northern Foods, "the DTF is the only food association we take seriously."

Name game

The Transport and Road Research Laboratory has sent me a report which concludes that strict speed limits tend to reduce accidents. It is based partly on a study of male drivers' attitudes to the accelerator pedal pedoed by the laboratory's very own Mr. R. Hogg.

Lords a-leaving

Any lingering worries over the diplomatic stumble which caused Mexican President Jose Lopez Portillo to sidestep Britain on his recent tour of Europe should be properly soothed away this week.

Escaping from the slugging match over the Opposition's no-hope no-confidence motion, Foreign Secretary Lord Carrington sets off tomorrow *en mission* to the most influential and biggest-spending countries in Latin America: Mexico, Brazil and Venezuela. And while it is not uncommon for senior ministers to trail groups of "commercial travellers" on such trips, the Foreign Office is hoping that the touchy Mexican President will be suitably impressed by the quality of the business dignatories in this particular touring party.

Heavily weighted with representatives of the UK engineering industry, the caravan includes Sir John Buckley from the Davy Corporation, Michael Calne of Booker McConnell, Babcock and Wilcox chairman Sir John King. Also travelling are five assorted Lords, namely Jellicoe from Tate and Lyle, Greenhill from BAT, GEC's Lord Nelson, Lord Limerick from the British Overseas Trade Board, and — for local background — the chairman of the Hispanic and Luzo Brazilian Council, Lord Montgomery.

Pizza champion

As the kind of chap anxious to enjoy the continuing use of all my limbs, I am drawn with some reluctance to touch on the somewhat murky fringes of the British pizza industry. I am emboldened, however, by the example of Pat Simpson, chairman of the The Pizza Association, who speaks out against the activities of "a small minority who for one reason or another bring the industry into disrepute."

Simpson tells me he feesl it necessary to take a stand because recent Press comment "might give the impression that the pizza industry as a whole is rife with undesirable elements." Staunchly defending the great majority of companies involved, he is particularly concerned about two outfits: one whose resources might not, he feels, be equal to the promises it makes to its customers, and another which, he fears, may have connections with less-than-blue-chip American interests.

The Association, he vows, will "uphold the best possible standards of integrity within the industry," and to help kep newcomers on the straight and narrow path to success with cheese, tomato and pasty, offers to "advise all individuals and companies who are intending entering the pizza industry."

Pastures new

After taking a mid-life confession from Astra Industrial's chairman Dennis Dukes last week, I was delighted to learn of yet another "Telford's Change" which has yielded not only spiritual satisfaction, but, with luck, also rather more than £1m. Motoring down to Cobham, I encountered former News of the World deputy editor, Michael Gabbert ensconed in 144 acres of greenbelt Surrey which he has transformed from impenetrable forest into the Silvermere Golf and Country Club.

Despite what one might imagine from Garbett's former career, I detected not a whiff of the low life. From the patio of the clubhouse, the panorama takes in a nine-acre lake, golf course, stables for 50 horses, and other essentials of Surrey life. But while its expansive elegance might seem a pleasant plac to while away the sunset years, Cabbert has not entirely left the Fleet Street work ethic behind him. "It's like writing for a newspaper. As soon as you've done something, it's finished. I've produced this, and I want something else," he tells me.

Cabbert started work on Silvermere in 1974 when an "estrangement" from Rupert Murdoch led to a parting of ways between himself and the Sun King. He bought the site with money accumulated from small-scale property dealings during his newspaper years for a fraction of the £1.5m he is now asking. Among the perks fo rthe buyer are the tree which was George Blake's dead letter box, and a payphone once used by Princess Anne. Once the sale is settled, he says, he will be packing his bags for two further sites in Berkshire and Sussex, where his energetically green fingers will once more be put to work.

Fat head

From a Leicestershire school magazine: "Miss — said that last year the senior girls' cookery class won high praise for their lifelike bust of Mr. Callaghan in lard. They were anxious to make another model this year but as yet they had not chosen a subject of suitable material."

Observer

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هكذا من الأصل

STRUGGLE FOR THE HONG KONG ROUTE • BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

Competition hots up in UK aviation

HE BATTLE for traffic on the don-Hong Kong air route, ich becomes fiercer this week British Caledonian joins is more than just a struggle ween airlines.

It reflects a fundamental in UK civil aviation licy. And it could be the erunner of similar develop- —such as the introduction more competition on Euro- short-haul routes—in the nths ahead.

The surge of cheap air fares the North Atlantic air route nounced yesterday by British rways, is another indication at a new and bitter perodi of mpetition is about to open on e already overcrowded North lantic air route this autumn *d winter.*

For the immediate future, wever, interest will focus on w the Hong Kong struggle es. British Caledonian, with ur DC-10 jets each way ekly, will be joining British rways, which has seven *eing 747 Jumbo* weekly ghts each way, and Cathay acific, the Hong Kong-based rline, *which began flights* to ondon on *June* 17, with three mbo jets each way every eek.

A fourth airline, Laker irways, also intends to join e fray. Although recently ven a UK licence for the ute by Mr. John Nott, Secre- ry for Trade, along with itish Caledonian and Cathay acific, *Laker alone does* not t have the equally necessary ermit from the Hong Kong overnment. It had applied r one, along with B. Cal and athay, last year, hut was jected. Now, in the light of r. Nott's ruling, it has applied ain, and hopes for a decision efore the end of this year from e Hong Kong Air Transport icensing Authority. The thority will want Laker to ake a good case for its cheap re plans before issuing a ence.

If Laker Airways finally gets onto the route—as many people in the UK *airline industry* now believe it will—it will offer up to seven DC-10 jets each way weekly (unlesa the Hong Kong authnrities cut down that frequency).

Thns. the four airlines together by the end of this year conld be offering a total of 775.000 seats a year in hoth directions. This compares with 210,000 passengers actually carried in the financial year 1979-80, *and an estimate* of some 250,000, or about 20 per cent more. for the current 1980-81 financial year.

It is clear. therefore. that even allowing for an increase in traffic as a result of the competitive cheap-fare policies all the airlines are *adopting (see* the accompanying tahle), there will atill he far too many seats chasing too *few* passengers on the route for some considerahle time to come.

Even though some of the empty seats may he filled with "sector traffic"—Cathay has rights between Hong Kong and Bahrain, while British *Caledonian* has *asked for traffi* rights from both London and Hong Kong to Duhai, Sharjab, Abu Dhabi and Bahrain—it seems clear that some suhstantial cash losses are likely, at least initially.

Why then, at a time of economic recession in the world air transport. industry, do these airlines want to compete *what in any* other business might he regarded as a licence to losa money?

There are several reasons. The first is that the licences will run for many years. All the airlines are convinced the current recession is cyclical, and that better *times will* he *hare* in the next two to three years. They feel that losses incurred now will be more than adequately recouped later on as prosperity returns.

B. Cal, Cathay and Laker helieve that they can generate *new* tourist traffic by their low-fare policies. British Airways is more sceptical, hut there is no douht that Sir Freddie *Laker*, for example, has already more than proved his point ahout "the forgotten men and women at the hottom end of the market" by the success of his cheap-fare Skytrain on the North Atlantic.

Even at a time of recession, when other airlines are losing money, Sir Freddie is reported to he making money this summer on the Atlantic Skytrains to New York, Los Angeles and Miami. He believes he can do the same on the Hong Kong run.

Moreover. with the anticipated growth of long-term trade with China—virtually an untapped market for the West—the prospects for husiness traffic expansion on the Hoog Kong route are considerahle, if unquantifiable at this time.

In the view of many travellers to and from Hong Kong. British Airways, which has had tha monopoly of the London-Hong Kong route for 30 years, has needed the sharp stimulus of competition to improve standards. which have heen increasingly criticised for snch things as delays and poor inflight passenger service.

Cathay Pacific, as Hong Kong's "local" airline (it is jointly owned—60 per cent hy Swire Pacific, 25 per cent hy the Hong Kong and Shanghai Banking Corporation, and British Airwaya holds the other 15 per cent), helieves it can tap not only its home market, hut also draw traffic from its hig network of other services radiating to and from Hong *Kong*.

But British Caledonian and *Laker* are *looking even further* ahead, beyond the possibility of any profits that might accrue on the Hong Kong route alone.

Basically, hoth operators are interested in widening their activities and hreaking out of constraints that have heen imposed upon them and other British independent airlines hy successive UK governments over the years.

The old "spheres of interest" philosophy, introduced by the Labour Government several years ago, which limited British Caledonian scheduled services to West Africa, South America and *a few* European routes, has been steadily eroded.

B. Cal has progressively expanded into the U.S., with services to St. Louis, Houston and Atlanta, with flghts starting next spring into Dallas/Fort Worth, and applications for *flghts to Minneapolis, St.* Paul and San Juan, Puerto Rico.

Laker fought and won a bitter hattle against the UK Government to get the Skytrain launched to New York, and has subsequently extended it to include Los Angeles and Miami. while the airline has also applied for Skytrain flights to other major U.S. cities, such as Baltimore and Detroit.

Laker has also now asked for Skytrain rights to Australia, where it belleves a hig market exists that has not yet heen tapped even hy the cheap fares introduced mor than 18 months ago hy British Airways and *Qantas*.

British Caledonian sees the Hong Kong route not only as a long-term profit maker in its own right. hut also as a launching hase *for* other *services* into the Far East and south-east Asia. such as Bangkok, Taipei and Manila. B. Cal may also hid for rights to Australia in the not too distant future.

Laker sees Hong Kong as a profitable venture, hut also as *another link* in Sir *Freddie's* dream of an eventual round-the-world Skytrain.

The two major UK lodependent airlines are heing encouraged in their expansionist planning hy the new attitude to civil aviation prevailing in the Conservative Government. As part of its overall amhition to hring more private enterprise into hitherto highly regulated industries, and to stimulate competition wherever It can, the Government is planning a progressive liberalisation of air transport policy.

Mr. Nott has already made it clear that he is opposed to the present system of tightly-regulated international civil aviation. He helieves that "a more liberal market environment" would enable the airlines to offer a variety of services at prices satisfying all sections of the coommunity.

Mr. Nott is perhaps not yet ready to go as far as the U.S.

The Authority passed a delicate political issue to Mr. Nott

in the sphere of "total deregulation"—there are formidable international difficulties in the way. with many foreign governments hostile to such views. But he has nevertheless taken a big step forward. by *overturning the* UK Civil Aviation Authority's earlier rejection of Cathay Pacific and Laker on the Hong Kong route. and therehy substantially hoosting competition on that route.

He is ready now to go even further. Under the Civil *Aviatioo Act, now* before Parliameot, Mr. Nott is planning to release the Civil Aviation from the old concept of Government-defined "guidelines" as to what the Authority could and should do in ronte licensing and fares matters.

In future, it will he up to the Authority to make up its own *mind* on *such policies*, and to publish from time to time its own "statments of intent." Already, in anticipation of the Civil Aviation Act hecoming law, it is seeking the views of the airlloea on what its first policy statement might contain.

But at the same time, it has given some idea of the hroad thrust of its policies. The Authority intends to he evolutionary rather than revolutionary. It will avoid aoy arhitrary restructuring of routes —*it will not take them away* from one airline and give them to another — for it believes that to do so would he conducive to efficiency.

But it will not be *afraid* to introduce competition between UK airlines on routes where this is allowed under international agreement or where It would improve the customers' choice of air services. Nor will It reserve any particular type of operation (scheduled. charter or low-fare) for any ooe airline or class of airline—State-owned or private — *hut will* encourage all airlines to allocate their resources flexibly between different types of operation, in line with the development of the market.

All this still has to be spelled out in detail. But in the broad concept the independent airlines see the chance of unprecedented route expansion—*the chance to grow* and *become* more profitahle.

British Airways, as the State-owned carrier, frequently with a monopoly of UK services on many short-haul and long-haul routes world-wide, sees it as a direct threat to its own stability and *long-term* profitahility. There is little doubt that not only hy throwing open the Hong Kong ronte to competition hut also hy planning eventually to sell up to 49 per cent of British Airways' shares to private investors, Mr. Nott has shaken the State airline.

British Airways' monopoly of *UK-flag services on many European short-haul routes may also* now he ended. For Mr. Nott must soon make up his mind whether to allow appeals by British Caledonian aod Laker against the earlier rejection hy the Civil Aviation Authnrity of their hids for many *new* routes out of Gatwick to the Continent.

The authority threw out those hids on tha grounds that to approve them would create prohlems with foreign governments, which (it helieved) would resent the iotroduction of a secood British airline on a route hitherto reserved for one airline only from each country. The authority thus passed what it thought was a delicate political issue over to Mr. Nott.

If he grasps it, and upholds B.Cal's and Laker'a European appeals. he will be giving himself *and* his Deoartment a tough time io negotiations with resentful European governments. which have already made it clear that they do not support many of the UK independent airlines' ideas on cheap fares. The foreign airlines will be bound to say that if the UK wants *to* split its share of the traffic on any given route between two British airlines. that is its husiness. hut that in no way will the UK he *allowed to take traffic away* from the foreign-based operators involved.

The independents see in the European appeals case the logical extension of the competitive philosophy already expounded by Mr. Nott in the Hong Kong route affair. Whether Mr. Nott sees it in the same way remains to he proved.

But there is no douht in the minds of *most* people in the UK air transport industry that by his actions concerning the Hong Kong route, he has opened the door to a new era of greater competition in UK civil aviation.

LONDON—HONG KONG COMPARATIVE FARES*

(Applicable August 1980)

		Period	British Airways £	Cathay Pacific £	B. Cal. £
First Sleeper	ow		—	1,124	1,100
Standard	ow		1,000	1,012	1,000
Executive/Club/Full Economy	ow		558	558	558
Executive Point-to-Point	ow		—	—	450
	rt		—	—	850
Excursion	rt		650	—	—
Economy Point-to-Point	ow		440	444	370
	rt				650
Economy Residents	ow		—	370	—
Bottom Dollar Advance Purchase/APEX	ow	Basic	175	177	175
		Peak	204	204	204
	rt	Basic	330	—	330
		Peak	408	—	408
Bottom Dollar Late Purchase/APEX Mid Week	ow		—	151	151
Bargain Hunter	ow	Basic	99	—	—
		Peak	115	—	—
	rt	Basic	250	—	—
		Peak	280	—	—
Standby	ow	Basic	—	—	99
		Peak	—	—	115

* Apecialist fares for groups, students, armed forces' personnel and ships' crews *will also be available.*
ow=one-way (single); rt=Return rate.

Letters to the Editor

Development aid

rom Mr. M. Seligman, MEP

Sir,—The letter from the rector general of the gaoisation of Petroleum Ex- rting Countries Fund for ternational Development uly 22), is an interesting itistical explanation of the nerosity of some OPEC states aiding less developed untries (LDCS) and may leave aders with the superficial im- ession that the industrialised rld lacks generosity.

Mr. Shihata forgets two vantages, which give some PEC states greater ability to d the poor. The four principal nor states have small popula- ons with very high oductivity. since oil has a pro- ction cost of $1 per harrel d a selling price of $30 per arrel. The principal donor ates have different political d social systems from those industrialised countries: eir political leaders are less countable to their people for *e aid appropriations to LDCs* ian parliamentarians in the in- ustrialised conntries.

Mr. Shihata might find that e European Community ap- ropriated more funds as a ercentage of GNP, than other ndustrialised nations, within *s nnique partnership* in the ome Convention with its 56 DCs and its association with ashreq and Magreh States.

Nor does the European Com- unity discriminate between slamic and non-Islamic states n the distribution of aid.

Given that the European Com- unity already enjoys this pecial relationship with the *DCs and other Islamic states*, think Mr. Shihata would agree hat the time is ripe to hring ogether the financial strengths f tha OPEC states and the tech- ological and managerial trengths of firms in the Euro- ean Community, in order to reate new *markets* in the LDCs nd to provide new skills for heir peoples on a scale which ould transform their economies. We should he mainly concerned ith the creation of the right olitical and institutional frame- ork to hring this about.

Madron Seligman,
Spokesman on Energy for the European Democratic Group, in *he European Parliament),*
PO Box 4,
Crawley, West Sussex.

Inland Revenue reform

From the National Vice-Chairman,
Tory Reform Group

Sir,—Mr. Newman's remarks July 23) with regard to the nland Revenue's proposals to omputerise the PAYE income ax system are worthy of urther *comment.*

It should he noted that the nformation report. "PAYE— ossible future developments," which forms the cornerstone of he *Inland* Revenue approach o computerisation, was pro- uced by the central division f the Inland Revenue. It ppears that outside consultants ere *not called in at any point* o review and suggest improve- ents to the existing proce- ures within hoth the assessment nd collection divisions of the nland Revenue. *This* would he eneral practice for a potential omputer user in industry. Why as such outside advice not sought hy the Inland Revenue in view of the size of the proposed investment?

The stated aim of the Inland Revenue is to computerise the PAYE system as It stands now. The report demonstrates an amazingly negative attitude *to* any change, from simplification of the existing assessment structure, particularly the aholition of the various schedules and basis years, to more radical measures such as self-assessment or local income tax. In fact, Sir William Pile, shortly before his retirement last year, advised the Public Accounts Committee that it was unlikely that the proposed system, even when fully implemented. would he capahle of the latter refinement. No hard *evidence* was prodoced to support the Inland Revenue view that such changes would he unwelcome to taxpayers, and It is ohvious that wider public dehate of these issues must take place.

It would he uncharitahle to *suggest* that the disinclination for change stems from a desire to maintain present staffing levels. While the hurden of administering the tax system. whether hy manual or mechanical means, remains with the Inland Revenue, the scope for reducing manpower is limited.

The Inland Revenue suggests that conversion to a computerised system will take at least four years. Given the will, there is no reason why the system should not he in place within a matter of months. Trial runa would he required first of course, hut once the teething problems of conversion were isolated and orercome. the way would he clear for wholeaale conversion.

The *managing director* of a time-sharing bureau has stated that to demonstrate the ease of conversion he is willing to computerise one tax office free. *His* estimate of the time involved? Two-three months, and that is for a first attempt!

The *Government* is pledged to hring aimplicity and consistency to the tax system. Moves to achieve these aims would be welcomed hy the majority of taxpayers. It would be a logical extension of this pledge if the Government were to issua a Green Paper on the reform of the tax system prior to permitting the Inland Revenue to emhark on a major programme with such far-reaching consequences for fiscal policy in the next 20 years.

Sarah J. S. Heywood.
9 Poland Street, W1.

Papermaking problems

From the President,
British Paper and Boord,
Industry Federation.

Sir,—Mr. Baldwin, the president of the Paper Agents' Association, makes some very fair points in his letter of July 24.

Tha *UK paper* and board industry cannot indeed manufacture all the paper and board required hy UK consumers: what too often causes us concern *is that* grades of paper and hoard are imported here while UK mills which could perfectly well manufacture identical grades are under-employed. Today *we are saying*, in addition, that prices offered by the various importers impose such a low ceiling, and *the UK* political and economic background *such a high* floor, that profits for UK mills have no spaca in which to stand np.

Again, we entirely agree that this industry would gain no advantage whatever hy recommending action which might further handicap users of paper and board already *suffering* from overseas competition themselves. We have consistently said, though it has not always heen reported, that if there were to he any control of imports it must he exercised selectively and in such a way that protection from imported print, packaging and other direct conversions from paper and hoard is extended to our customers, too.

We accept that paper and hoard industries in other countries are also suffering from the recession aod that mills anywhere may he unable to continue. What we deplore is the *closure of any mill* in this country which could, given the same ground rules as its competitors, continue in efficient operation for many years to come.

(Dr.) A. I. Lenton,
Plough Place, Fetter Lane, EC4.

Telephone needs

From the Monoging Director,
Teleplan

Sir,—The announcement regarding the relaxation of the telecommunications monopoly raises some questions as to whether the envisaged changes will lead to real advantages to husiness customers.

In the present world, where technology is advancing rapldly, new communications equipment is continually being announced, and mnch of this has to he linked to existing systems or equipment by rented private circuits. Provision time for such is currently 9 to 15 months in most areas, which makes nonsense of good delivery cycles hy outside *suppliers. In London*, where private circuits are essential for the operation of many markets in the financial and commodity worlds, the complete lack of rapid response to reqnests for circuits makes husiness growth difficult and means that an office move is totally dependent upon Post Office time scales.

The announcement that there *is to be no change* in the PABX (large automatic private exchanges) supply position perpetuates an anomalous situation. A customer has to purchase the central equipment from an approved supplier, hnt this is connected to the network hy *Post Office* engineers who *also* wire up the huilding, install the telephones and thereafter maintain the whole system. Presumahly it will now be permissible *to change the telephones* onca the installation is complete hut this will mean paying both the supplier and the Post Office for the same extension and one *may easily* envisage endless arguments where faults occur as to precisely where the difficulty lies. The only sensihle alternative would he for the *Post Office to be responsible* for external lines only and to permit all internal equipment to be supplied and maintained hy outsiders.

The *PABX* market has always been rigidly controlled by the Post Office which has laid down equipment specifications which have meant that PABX's in this *country* are *among* the most expensive in the world. This has been done with the laudahle aim of ensuring the highest possihle standard of service. hut many would prefer the option of using a simpler and cheaper system.

David M. Smyth,
Stople Hall,
Stone House Court, EC3.

Council grant system

From the Honorary Secretary,
Nationl Federation of Owner-Occupiers' ond Owner Residents' Associntion.

Sir,—Councillor Nokes's letter *(July 24) seems to be typical* of the local councillor's attitude at the present time. It is a fact that the Government seeks to change the grant system, purely on the hasis that local councils are lncapahle of carrying out the correct policies, thus putting the towns and cities in the desperate financial position they are in today.

If it is hetter for the ratepayer to be under the control of Whitehall civil servants, who are making sure there is no spending of mone unnecessarily, then so he it, we would welcome this, and any other move to help the domestic ratepayer in these difficult *times.* Councillor Nokes should remind himself and his other thousands of elected councillors, that over the past years their actions in council have hrought about the measures now heing introduced.

Let us he fair Jim Nokes, look back in history and see how the domestic rate has increased through mismanagement.

J. W. Clark.
"Paulian," 29 Norview Drioe,
East Disbury, Manchester.

Local authority accounting

From the Director,
Chartered Institute of Public Finance and Accountoncy

Sir,—On the hack page of July 20 you carried a report on the adoption of commercial accountancy standards hy *local* authorities.

There has been no dispute about the principle of applying the statements of standard accounting practice (SSAPs) where they are appropriate (in whole or in part) to local government. There *has been* obviously discussion ahout the extent of their relevance hut that is quite a different matter. The SSAPs were not designed *initially for application* to local authorities and some are entirely inappropriate and cannot apply to local government. Others can be applied with some modification and others can be applied without modification.

I would not agree that the application of SSAPs is a victory for commercial accountants. There is neither victory nor defeat. What there is, is an acknowledgement by all parties that a common approach is desirable.

I would dispute the implication in you article that only with the acceptance of SSAPs will local authorities disclose their accounting policies. Local authorities have been reqnired to disclose their accounting policies *since 1974* undar the Accounts and Audit Regulations 1974.

N. P. Hepworth.
1 Buckingham Place, SW1.

Today's Events

UK: Mr. Norman Fowler, Transport Minister, speaks at Lytham St. Anne's.

International conference on atmospheric electricity opens at Institute of Science and Technology, Manchester (until August 4).

Micro '81 opens at the Wembley Cooferenre Centre (until August 2).

Overseas: Law of the Sea Conterence stars final negotiating session lo Geneva (until August 29).

Sir Peter Gadsden, Lord Mayor of Loodon, starts visit to China (until September 11).

President Portillo of Mexico starts three-day official visit to Brazil.

PARLIAMENTARY BUSINESS

House *of* Commons: Motions on the Social Security Orders oo *Beoefits* Up-Rating, *Family* Income Supplements. Child Benefit up-rating, Pensioners' Lump Sum Payment, *Married* Womeo and Widows' Special Provlsions, and Supplementary Benefit (Resources) and (Requirement) Regulations. Motions relating to the Supplement Benefit (Single Payment. Aggregation, Deductions and Paymeots to Third Parties, and Transitional) Regulations. Consideration of Lords Amenóments to the Employment Bill. Proceedings on the following four *Lords* Consolidation Measures—Education (Scotland) Bill, Water (Scotland) Bill, Solicitors (Scotland) Bill, Criminal Appeal (Northern Ireland) Bill, and second reading of the Highways Bill.

House of Lords: Pier and Harhour Order (Great Yarmouth Wellington Pier). Confirmation Bill, second reading. Bealth Services Bill. Report. Deer Bill, Committee.

Select Committee: Treasury and Civil Service, on monetary policy. Witness: Sir Geoffrey Howe, Chancellor of the Exchequer. Room 15, 4.30 pm.

COMPANY MEETINGS

See Financial Diary on Page 25.

COMPANY RESULTS

Final dividends: Gresham lovestment Trust. Hampson Industries. Inchcape. Provincial Cities Trust. *Ward and* Goldstone. Woodrow Wyatt Holdings. Interim dividends: Bank Leumi (UK). CSC Investment Trust. Temple Bar Investment Trust.

UK COMPANY NEWS

Recovery by Burt Boulton

FOLLOWING THE sharp increase from £275,900 to £847,500 in the first half, Burt Boulton Holdings, timber and road materials group, produced pre-tax profits of £1.09m in the year ended March 31, 1980, compared with a depressed £13,752 in 1978-79.

Stated earnings per share have jumped from 2p to 74.1p and a final dividend of 6.5p lifts the total from 7p to 10p per £1 stock unit. The group's parent company, Thomas Roberts (Westminster) has waived the final amounting to £90,729.

The directors say the first few months of the current year showed further progress but while all trading companies are improving their performances, it will not be possible to equal the result of the past year.

	Year 1979-80 £	1978-79 £
Turnover	43,106,000	36,032,000
Profit before tax	1,090,014	13,752
UK & foreign tax	58,560	30,814
Net profit	1,148,574	44,566
Minorities	4,975	867
Attributable	1,143,599	43,699
Pref dividend	12,250	12,250
Extraord. debit	45,093	—
Ord. dividend	81,922	66,656
Retained	5,653,816	4,637,710

REPORTS TO MEETINGS

Difficult first half seen by Tesco

A DIFFICULT first half in 1980-81 was indicated by Mr. Leslie Porter, chairman of Tesco Stores (Holdings) at the company's annual meeting.

Mr. Porter said that most departments were still trading well, particularly meat and produce, but he warned that it was going to be "a tough year" for the retail side.

Last year trading in the group's Home 'n' Wear sector was disappointing and profits were hit. Mr. Porter said that general trade forecasts in the retail sector were still very dull but he was confident that the group would "fare better than the trade in general."

For the whole group the chairman said that with heavy interest charges and major wage awards in the first half and the advantage last year of a pre-VAT boom in May-June, he could not forecast "a satisfactory first half."

However, he remained confident that for the year to February, 1981 the company would begin to reap some of the benefits of enlarged selling capacity. He reaffirmed his forecast of higher profits in the current year and said he regarded longer term prospects as "very encouraging."

Members were told that the group's expansion programme continued well and three new stores would be opened on August 12. These new openings, totalling some 90,000 sq ft, reflected the group's policy of concentrating on the larger type of unit, said Mr. Porter—"they will be the key to our prosperity in the coming years," he added.

To assist in financing the expansion programme the group plans to sell some of its property portfolio, and then lease it back, and apply the proceeds to reducing group borrowings—£62m at the end of the last financial year.

Mr. Porter said that this operation would be directed mainly at the group's investment properties, and would involve some 12½ per cent of the portfolio. The chairman said that firm offers have been received from leading institutions for a substantial sum.

The group plans to add a further £100m to its property portfolio in the current year.

At other annual meetings yesterday, chairmen reported as follows:

Trading profits for the first quarter at Giltspur, industrial services group, were ahead of forecast, Mr. Maxwell Joseph, retiring chairman, stated.

He added that the services the group provides to industry, including packing, freight, distribution, continued to develop and expand, and the company was in a stronger position to take advantage of any opportunities which could arise.

Sir Ian Morrow, of UKO International, told members that first quarter profits were marginally less than for the previous year—although results of the catering equipment division had shown an encouraging improvement.

First quarter profits at Chamberlin and Hill were higher than the same period last year, but Mr. J. R. Eades stated that there was clearly going to be a marked deterioration in results for the second half.

Despite a downturn in orders in some of the UK markets it operates in, sales of Westbrick Products were 15 per cent higher than for the same period last year, Mr. J. W. Sutherland said.

Mr. N. G. Shove, of Downs Surgical, stated that export sales activities were being further intensified, and he reported continued good figures from Canada and the U.S. branch.

Improvements in operating efficiency meant that the group was better placed to take advantage of the increase in demand, "when the upturn comes," he added.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bank Leumi (UK), CSC Investment Trust, Colonial Securities Trust, Temple Bar Investment Trust, U.C. Investments.

Finals: Gresham Investment Trust, Hampson Industries, Inchcape, Provincial Cities Trust, Ward and Goldstone, Woodrow Wyatt.

FUTURE DATES

Interims—	
Bath and Portland	July 29
Beaumont Properties	July 31
Evode	Aug. 7
Fife Forge	Aug. 28
Hoover	Aug. 8
Nottingham Manufacturing	Aug. 11
Pearl Assurance	Aug. 27
Refuge Assurance	Aug. 28
Witter (Thomas)	July 30
Finals—	
Allen (W. G.)	Aug. 14
Associated Tooling	Aug. 7
Austin (James) Steel	Aug. 7
Letraset	Aug. 12
Stock Conversion & Inv. Tst.	July 30
Waring and Gillow	Aug. 6

BIDS AND DEALS

Angliana offer for Crest Intl.

Angliana has agreed to acquire from Amarena Holdings Inc. 362,250 ordinary shares of Crest International Securities at 4½p each and 2,161,275 preferred at 5½p each.

As these shares together carry 30.9 per cent of the voting rights, Angliana, which is owned by Mr. T. Farmer and Mr. W. A. Stenson, will make offers at an equivalent price per share to all Crest shareholders.

Amarena is controlled by Mr. B. Glazer and his family trusts.

FNFC DEALINGS

The investment arm of Robert Fleming, the merchant bank, has spent about £1.56m on behalf of clients to acquire 5.25 per cent of First National Finance Corporation, the consumer credit and secondary banking concern which was among the hardest hit of the 1974 fringe banking crisis.

The shares bought on Monday when the market price was 24p, are held in the name of Robert Fleming Nominees, but, unusually, FNFC has disclosed the beneficial interests behind the nominee name.

They are:

Abu Dhabi Investment Authority 1.15m. Crosby Investments 100,000. J. R. K. Emly 5,000. Lord Mark Fitzalan Howard 10,000. Robert Fleming Group Pension Scheme 175,000. Hawkins and Tipson Pension Fund 25,000. Mrs. A. M. Hutchinson 50,000. D. W. N. Landale 150,000. D. Latham 100,000. W. N. Smith 5,000. J. B. Sumner 100,000. G. M. H. Wills 200,000. R. I. H. Wills 200,000. Sarah Wills 50,000. Alcoa Pension Fund 400,000. Austin Reed Pension Fund 300,000. Burmah Group Pension Investments 2,750,000. Lord Carrington 100,000. Clearing Tokens 200,000. Illingworth Morris Pension Trustees 225,000. West Highland Woodlands 100,000.

CREWKERNE TEXTILES SALE

Crewkerne Textiles, the weaving subsidiary of Bridport-Gundry (Holdings), has sold the fixed assets, stock in trade and goodwill of its sailcloth business to John Heathcoat and Co., while the stock remains to be evaluated.

Sale proceeds will be some £320,000 and in addition the cash released from debtors less creditors will be about £140,000.

The sale will have no effect on the profits of the group in the year to July 31, 1980.

NO PROBE

The acquisition by De Beers Consolidated Mines and Anglo-American Corporation of a substantial minority shareholding in Consolidated Gold Fields is not to be referred to the Monopolies Commission.

A DOT investigation is continuing into the build-up of a 14 per cent stake in Gold Fields by De Beers prior to its controversial "dawn raid" in February. Its combined holding as a result of these operations, is 25 per cent.

MINING NEWS

Good half-year for Lornex

IN LINE with the general trend of results from the North American mines, the Rio Tinto-Zinc group's Lornex copper and molybdenum mine in British Columbia has experienced less favourable conditions in the second quarter of this year.

Even so, net earnings for the first six months of the year are far in advance of those for the same period of 1979, amounting to C$41.8m (£15.2m) compared with C$15.8m.

Lornex says that the latest half earnings reflect higher prices for molybdenum, copper and silver together with foreign exchange gains. Prices for copper and molybdenum were less buoyant in the second quarter; copper has since risen again as a result of the U.S. copper workers' strike and the men at Lornex are understood to have agreed a new labour contract.

The company says that the expansion of its C$160m mining and milling complex is running on schedule and within budget. Completion is expected in mid-1981 when milling capacity should be increased by some 68 per cent. RTZ owns 52.7 per cent of Rio Algom which, in turn, has a 68.1 per cent stake in Lornex.

Mt. Lyell to pay dividend

FOLLOWING MUCH improved profits for the year to June 30, Consolidated Gold Fields' Tasmanian copper operation Mount Lyell is to return to the dividend list, as foreshadowed in this column earlier in the year.

Mount Lyell's payments of 15 cents (7.5p) per fully paid share and 6 cents per contributing share are the first since 1975, and mark the end of a remarkably difficult period for this low grade operation. The company completed the repayment of subsidies from both the Tasmanian State and Federal Governments during the year, ending the drain on pre-tax profits.

Net profits for the year came out at A$5.35m (£2.68m), compared with A$0.43m last time. The company said that higher prices for copper, gold and silver more than offset lower production and sales caused by industrial disputes.

ROUND-UP

Western Australia's Greenbushes Tin plans to double its annual tantalum output to 180,000 lbs of contained tantalum which would make it one of the world's largest producers of the mineral. The current price of tantalum concentrate is over $U.S.$100 per pound.

* * *

America's gold-producing Homestake Mining reports second quarter earnings of $27.1m (£11.4m), equal to $2.39 per share. This brings the half-year total to $57m compared with $22.8m in the same period of 1979.

* * *

According to a Brazilian Government agency, the country's gold production could reach 300 tonnes a year by 1984-1985 to make it the world's third or fourth leading gold producer. Annual output, currently believed to be about 30 tonnes, has risen substantially in recent years.

BMI acquires stake in Cadia deposit

THE AUSTRALIAN industrial and mining group BMI has bought a 50 per cent interest in Pacific Copper Exploration's Cadia copper and gold prospect at Orange, New South Wales, reports James Forth in Sydney.

Mr. Alan Bond, the Western Australian businessman, recently bought about 20 per cent of the capital of Pacific Copper from Mr. Kerry Packer's Consolidated Press Holdings, which also retained a stake.

BMI will undertake an evaluation of the Cadia deposit at its own cost, estimated to be about A$1m ($500,000), to establish the feasibility of starting mining operations. The directors of BMI said that preliminary studies had indicated a mining operation of 3m tonnes of ore a year, for a probable capital investment of more than A$50m. If Cadia is developed, BMI would be primarily responsible for raising the required finance.

Examination of data on the deposit has indicated proven reserves of at least 29.4m tonnes, grading 0.72 per cent copper, 0.566 grams per tonne of gold and 5.85 grams per tonne of silver, and BMI believes that further probable and possible reserves are contained in the area.

Malaysian tin profits lower

FALLING OUTPUT of tin concentrates has hit profits at Berjuntai, the largest tin producer in Malaysia, and the much smaller Sungei Besi, despite a rise in the price received. Both mines are members of the Malaysia Mining Corporation group, in which London's Charter Consolidated has a 28.6 per cent stake.

Berjuntai's net profit for the year ended April 30 fell by 8 per cent to M$15.77m (£3.1m), after a decline of 3.8 per cent in production to 3,961 tonnes. The dividend total is to be cut from M$0.95 per share to M$0.85 with a final payment of M$0.45.

At Sungei Besi, production was down by 13 per cent to 2,068 tonnes, and net profits declined by 8.5 per cent to M$9.85m. The company is to reduce its dividend total to M$4.8 from M$5.5.

Strike takes toll on Portsmouth Sunderland

A LOSS of around £500,000 resulting from the recent NGA dispute has left first-quarter taxable profits of Portsmouth and Sunderland Newspapers £427,000 lower at £540,000.

Sales in the 13 weeks to June 28, 1980 were £400,000 ahead at £4.75m.

Earnings, after tax of £273,000 (£474,000) are shown as 2.2p (3.9p) per 25p share. On a CCA basis, pre-tax profits are reduced to £132,000 (£680,000) and there are nil earnings against 1.5p.

The surplus this time includes improved income investment of £67,000 (£8,000) and interest on short-term loans of £95,000 (£86,000).

For the full year, pre-tax profits were £3.99m, or £2.66m on a CCA basis, and dividends totalling 3.25p were paid.

Minorities take £126,000 (£212,000) and after extraordinary credits of £26,000 (£462,000), profit attributable is £2.31m (£2.36m).

Mr. W. R. Alexander, the chairman, says the present economic climate makes it difficult to forecast with any degree of certainty, but budgets for the current year indicate a further increase in profits for the group as a whole. Profits for the first three months of the year are in line with budget.

Walter Alexander 20% up

A 20 per cent increase from £2.76m to £3.31m in pre-tax profits is reported by Walter Alexander, coachbuilder and light engineer, for the year to March 31, 1980. Turnover advanced 15 per cent to £38.94m.

After tax, up from £645,000 to £898,000, earnings per 10p share are 18.1p, compared with 15.1p, and the total dividend is effectively raised from 3p to 4p with a final of 2.5p. The company's shares are trading on the market made by M. J. H. Nightingale.

Stirling Knitting improves

DESPITE a slight setback in sales from £9.81m to £9.56m, taxable profits of Stirling Knitting Group showed a marked improvement in the 12 months to March 31, 1980, rising by £101,023 to £406,693.

At midyear the clothing and knitwear manufacturer recorded a pre-tax surplus of £243,000, compared with £204,000.

Tax charged for the year was £234,452, against a credit of £16,606.

After extraordinary items, down from £170,006 to £18,730, retained profits were £129,931 (£131,470).

A final dividend of 0.5p, makes 0.85p net (0.75p).

Earnings per 20p share, before extraordinary items and tax, are shown as 14.53p (10.92p) and after as 5.49p (5.45p).

Downturn at J. Dyson

FOLLOWING static midway profits of £1.11m against £1.12m, J. and J. Dyson, refractory materials manufacturer, fell behind in the second half and finished the March 31, 1980 year down at £1.64m, compared with £1.92m.

Turnover for the full period was £34.85m (£34.36m).

After much lower tax, however, down from £687,922 to £112,238, net profit emerged at £1.53m (£1.23m) giving earnings of 11.23p (9.03p) per 25p share.

The dividend is stepped up to 5p (4.5p) net with a final payment, as forecast, of 2.5p.

DERBY TRUST

On reporting a rise in available revenue for the first half of 1980, the directors of Derby Trust said that second half income would not show a comparable increase.

The word "not" was omitted from last Friday's edition.

RIGHTS RESULTS

Acceptances have been received for 86.71 per cent of the convertible loan stock offered by British Home Stores. The balance, amounting to £3.4m, has been sold in the market at a premium. The loan stock is convertible from 1983 and matures in 1992.

Following the £5.8m rights issue by Candecca Resources, acceptances have been received for 99.6 per cent of the shares, which were offered on a one-for-four basis.

FT Share Information

The following security has been added to the Share Information Service appearing in the Financial Times:

Oakwood Group (Section: Industrials).

SPAIN

1980 High	Low		July 24 Price %
228	203	Banco Bilbao	223
258	217	Banco Central	246
230	203	Banco Exterior	210
230	200	Banco Hispano	224
137	117	Banco Ind. Cat.	120
175	141	Banco Madrid	141
282	237	Banco Santander	276
190	136	Banco Urquijo	136
238	208	Banco Vizcaya	236
215	200	Banco Zaragoza	211
106	75	Dragados	88
62	58	Espanola Zinc	59
86	53.2	Fecsa	60.5
40	23.2	Gal. Preciados	25
71.7	58.7	Hidrola	67.2
68.2	57.5	Iberduero	61.2
120	100.7	Petroleos	119.5
92	59	Petroliber	87
115	107	Sogefisa	107
63	51.5	Telefonica	62.5
67.5	58.2	Union Elect.	66.2

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INTERNATIONAL BONDS — BY FRANCIS GHILÉS

Volcker keeps the market guessing

THE intentions of the U.S. Federal Reserve Board remain a mystery. Anyone looking for guidance from the remarks made by its chairman, Mr. Paul Volcker, when addressing the Senate Banking Committee in Washington last week must have been disappointed.

No *firm* monetary growth targets were laid down for 1980. At the same time, a comment from Mr. William Miller, the Treasury Secretary, that "the economy will probably be very nice by election day"—coupled with evidence that the U.S. economy seems more robust than some commentators have suggested—has reinforced the fears in some European quarters that reflationary measures could be adopted before the election. The large lead President Carter's challenger has built up in the polls underscores this point.

The result, in the dollar sector of the Eurobond market, has been the quietest week since Easter. At the same time attention has continued to be focused on alternatives to the dollar. The steady flow of new issues denominated in Swiss francs and D-marks continues.

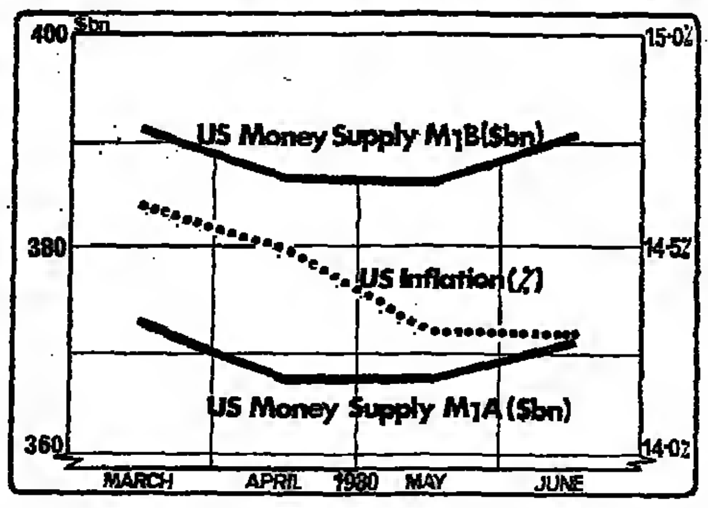
In the latter sector, the highest monthly volume of new paper issued in many years has been, with one or two exceptions, successfully placed: DM 1.945bn. The foreign D-Mark bond sector is following the trend of the Euro credit markets: It is differentiating more and more between prime names and borrowers deemed to be of lesser quality.

The latest victim here was the DM 100m issue for the Republic of Chile, whose 9 per cent coupon (1½ per cent higher than the one offered 10 days ago on the Royal Bank of Canada bond) and pricing at 99¼ failed to elicit much enthusiasm.

The two other issues, for ESCOM and the Republic of Austria, however, were well received. The DM 100m issue for Honeywell Bull was increased by DM 25m, to DM 125m.

Investors are continuing to buy foreign D-mark bonds on the assumption that, at its next meeting, the German Central Bank Council will announce more fundamental action to loosen its credit policy by easing back interest rates.

Only two new issues were announced in the dollar sector last *week*: the *$100m 12¾ per* cent bond to 1985 for International Harvester reverses the trend of mispricing issues which



effectively closed the fixed interest dollar new issue sector last month.

This issue is led by Morgan Stanley, which is backed up by a strong management group. If one assumes the bonds are priced at par and one takes account of the 1½ per cent selling group discount, the paper yields 13.1 per cent. The indicated coupon offers about 2 *points over the current five-year* Eurodollar rate, which could make the bonds an attractive banking asset. By Friday afternoon, about one-third of the issue had been covered.

About two-thirds of the $50m issue for the ECSC, which offers an indicated yield of 11.25 per cent, was placed in the Middle East.

*In the secondary dollar sec*tor, Swiss convertibles were particularly sought after: the strength of the Zurich Stock Exchange and the rise of the Swiss franc against the dollar pushed some issues up strongly. The 6¼ per cent Alusuisse convertible to 1993 rose more than four points on the week, to close last Friday at 93½-94.

Another *sector where bonds* were in better demand than most was the sterling one. Sterling denominated bonds were more actively traded than those in other sectors. The £22½m issue for Peugeot SA was so *well received* that the *lead* manager was able to close the subscription period four days ahead of schedule last Thursday and to price the issue at a premium on Friday.

That same day a second ever sterling denominated convertible Eurobond was launched *for Orient Finance* through CSFB. The borrower is expected to pay a coupon of 8-8½ per cent with a conversion premium around 10 per cent.

The next two Samurai bond issues have been postponed for about a *month* because of the likelihood of a fall in Japanese coupon rates. The EIB was due to tap the market for Y15bn last week through Yamaichi, *while Daiwa Securities* had scheduled an issue for the World Bank early next month.

The FFr 400m 12⅞ per cent bond to 1985 for the Kingdom of Sweden was twice oversubscribed before being priced at par by the lead manager, Banque Nationale de Paris.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡§Parisbas Suisse (Bahamas)	40.3	1990	10	6½	100	Parisbas	6.250
††§Ricoh Co.	60	1995	11¾	*	*	Morgan Stanley	*
ECSC	50	1990	6.76	*	*	KIC	11.250
††IADB	100	1987	7	*	*	Goldman Sachs	*
Intnl. Harvester O'seas Fin. Co. NY	100	1985	5	12¾	*	Morgan Stanley	*
D-MARKS							
‡Republic of Chile	100	1986	6	9	99¼	Dresdner Bank	9.168
‡CII-Honeywell-Bull Fin. O'seas NY (Curacao)	125	1990	10	8⅜	100	Deutsche Bank	8.375
‡EIB	250	1990	10	7⅞	99½	Deutsche Bank	7.949
‡**ESCOM (g'teed S. Africa)	75	1987	5½	9	99½	Norddeutsche L'bank	9.100
‡**Republic of Austria	100	1990	10	7¾	99½	Commerzbank	7.824
FRENCH FRANCS							
‡Kingdom of Sweden	400	1985	5	12⅞	100	BNP, Caisse des Depots, PKbanken	12.875
SWISS FRANCS							
‡PHs van Ommeren NV	60	1990	—	5¾	99½	Parisbas Suisse	5.784
‡**VEW (g'teed Voest Alpine)	40	1987	—	5¾	100	UBS	5.750
‡**Best Denki	20	1985	—	5¾	100	Credit Suisse	5.750
‡**ESCOM (g'teed S. Africa)	50	1983	—	6⅛	100	UBS	6.125
STERLING							
‡Peugeot SA	22.5	1990	8.3	14	100¾	SG Warburg	13.857
§Orient Finance	15	1995	15	8-8½	*	CSFB	*
LUXEMBOURG FRANCS							
‡Arbed	500	1988	8	10¾	100	Banque Generale du Luxem.	10.750
GUILDERS							
‡**Nat. Investment Bk. Netherlands	75	1987	7	10	100	ABN	10.000

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ⊕ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund.
Note: Yields are calculated on AIBD basis.

CREDITS — BY PETER MONTAGNON

Bolivia goes ahead with rescheduling

BOLIVIA is going ahead with plans to reschedule some of its foreign debt despite the political uncertainties following the military coup earlier this month. International banks are hopeful that an agreement can be signed in New York on Friday, August 1.

The agreement will cover all maturities due in the second half of the year. They are put at a total of some $160m compared with the country's total debts to commercial banks of about $850m and overall public sector external debt of around $2bn.

Terms of the agreement provide for a flat rescheduling fee of ½ per cent and a margin above interbank rates of 1⅞ or the spread on the original loan, whichever is higher. The debt will be rescheduled until January 5, 1981.

At that date it is hoped that Bolivia will be in a position to sign a large loan consolidating this debt together with maturities falling due in 1981. This credit, to be backed up by further assistance from the International Monetary Fund, would be negotiated during the autumn.

The terms of the agreement due to be signed this week were negotiated originally by the previous Government of ousted President Lidia Gueiler. At its request a steering committee of international banks was formed to handle the negotiations. Banks involved are Bank of America, Bank of Nova Scotia, Citibank, Crocker, Deutsche-Suedamerikanische Bank, Libra Bank and Manufacturers Hanover.

Following the coup, the negotiations were taken up by the new military Government, which now has the task of negotiating consolidation of the loan. How far progress can be made on this in the time allowed is *still a matter* of doubt for some international bankers. While the first stage of the rescheduling seems relatively secure, it looks as though the final outcome is still not assured.

Elsewhere in Latin America, Argentina is seeking a $250m credit. Unlike recent borrowings by public sector borrowers from this country the credit will be in the republic's own name.

Argentina has recently been outstanding among Latin American borrowers because of the fine spreads it has been able to obtain. Standard terms have been a split spread of ⅝-¾ with a maturity of 10 years. But there have been signs that credits on this basis have run into resistance at the retail end of the market and the question remains as to how long Argentina can continue to enjoy such favourable conditions.

In the country's favour are its relatively strong payments position, virtual self-sufficiency in oil and high agricultural production, but it has been a fairly heavy borrower at long maturities recently and banks are already looking to the probable change of government next year which might affect continuity of economic policy.

Normal circumstances would now dictate some upward movement in spreads for Argentina, but given the high liquidity in the Euromarkets and the prestige attached to the management of sovereign loans, it seems likely that the republic *borrowing* will once again attract very fine spreads.

Two more banks have joined the lead management group of the $150m credit for Brazil's Telebras. They are National Bank of Canada and Banco do Brasil. The credit is now in syndication at a margin of 1⅞ per cent over eight years. Brazil now appears to be anxious to speed up its borrowing operations as syndication of this credit is restricted to one week.

Meanwhile, international banks have been showing fairly strong interest in lending to commercial banks in Brazil. One such credit managed by Libra for Banco Itau was raised to $65m from $50m because of oversubscription at a margin of 1⅞ per cent over eight years.

Entering syndication this week is the $300m credit for Poland. The credit is being co-ordinated by Bank of America International, while Citicorp International is running the books and Lloyds Bank International is the agent.

Bankers in the Far East report that the expected $250m credit for Taiwan's Taipower has been cancelled by the borrower following failure to obtain Ministry of Finance approval for a 10-year maturity. The Ministry has been hoping for a 12-year credit, although maturities of this length are now a rarity in the credit markets and banks felt that Taiwan's credit rating does not justify such a concession.

U.S. BONDS — BY IAN HARGREAVES

Juggling with interest rates

CONSIDERING that there was relatively little net movement in U.S. money market rates and bond prices last week, it was a period of constant drama. Mr. Paul Volcker, chairman of the Federal Rserve Board, set the tone on Tuesday when to the surprise of Wall Street and, in the view of some Congressmen, in defiance of U.S. law, he declined to revise the central bank's projections on monetary growth for the next year.

Meanwhile, the Fed was bewildering Wall Street with its daily market activities, which on Tuesday involved intervention when the Federal funds rate (the short-term interbank rate) fell to 8½ per cent and again on Wednesday when the rate was at 8⅞ per cent.

U.S. INTEREST RATES (%)

	Week to July 25	Week to July 18
3-month Treas. bill	8.00	7.94
3-mnth. cmcl. paper	8.38	8.70
Federal funds weekly average	8.80	8.80
Treas. 30-year bond	10.23	10.13
Lng-term AAA utility	11.45	11.25
Lng-trm AA Industrl.	11.25	11.00

Source: Salomon Bros. estimates.

Confirmation, thought the best minds in Wall Street, that the Fed had eased and settled for a *funds* rate of 8½ per cent, compared with 9 per cent two weeks ago. Then on Thursday, the Fed's approach to selling Treasury bills drove rates higher, raising doubts about Wall Street's interpretation. Finally, late on Friday, the Fed cut its discount rate to member banks from 11 to 10 per cent.

These events and other considerations have thus provoked *a debate along these lines*: is the Fed, in spite of its own declared intentions, now more concerned with interest rate management than with bank reserve management and monetary growth?

Much of the debate, as could be expected, turns on Wall Street economists matching their Fed watching with their own economic ideology. Some monetarists are sniffing a retreat from monetarism, for example.

The concerns of the moment are the dollar and inflation, in priority according to your own guess. From the point of view of both these concerns, the Fed is anxious about interest rates tumbling much further at a time when demand may be on the *point* of *turning* in the economy, with all the consequent risks for renewed inflation.

As for the money supply, the broadest of the Fed's measures are already showing growth in line with the Fed's targets (the old targets, unchanged by Mr. Volcker on Tuesday) and the more quoted M1=A and M1=B measures are also starting to *approach* the *lower* bands of the Fed's goals.

So, we have talked this week in the newsletter to clients from Dr. Henry Kaufman, of Salomon Brothers, of "potential for a credit explosion in 1981."

For the Fed, anxious to avoid inflationary errors of previous economic upturns, it is a daily balancing act, with the prospects for the economy still far from predictable and a number of other major problems, such as unchecked Federal budget deficits, still waiting in the wings. For Wall Street, it will continue a daily guessing game.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air. Oxygen F. 10¾ 90	50	92	92½	−0½	−0¾	12.13
CECA Grad. Rate 12 86	100	98½	99¼	+0¼	+0½	11.47
CECA 11⅞ 90	50	99	100	0	+0¼	11.69
CECA 11½ 88	100	99¾	100¼	−0½	−0¾	11.48
Citicorp O/S Fin. 10 86	200	95⅜	95⅞	0	+0¼	11.04
Con. Illinois O/S 8¾ 86	150	94¼	94¾	+0¼	+0¼	11.06
Denmark 11¾ 90	100	98¾	99¼	−0½	0	11.91
Dome Petroleum 13½ 92	50	102⅞	103⅜	−0¾	−0⅜	12.94
EEC 11 95	75	95⅞	96⅜	−0¼	+0⅛	11.54
EIB 11¾ 92	80	97⅜	97⅞	0	−0⅜	12.12
EIB 13¾ 90	100	106⅝	107⅛	0	0	12.47
Eksportfinans 11¼ 87	50	99⅝	100⅛	0	0	11.24
Eksportfinans 9½ 87	75	92⅞	93⅜	0	0	11.01
Elec. de France 10 88	125	95½	96	−0⅛	−0¼	10.82
Export Dev. Cpn. 8¾ 84	150	96⅝	97⅛	−0⅛	0	10.72
Export Dv. Cpn. 12¾ 87	100	106½	107	0	0	11.25
Export Dev. Cpn. 9½ 86	150	95⅜	95⅞	0	−0⅛	10.56
Federal Dev. Bk. 12¾ 85	75	103⅞	104⅜	−0⅛	+0¼	11.07
Fin. Exp. Credit 10½ 85	50	98⅛	98⅝	0	−0⅛	10.93
Finland, Rep. of 9½ 86	100	92⅛	92⅝	+0⅛	+0⅛	11.38
Ford O/S Fin. 12⅜ 85	250	100⅛	100⅝	−0⅛	+0⅛	12.48
George Weston 13½ 87	30	102½	103	−0⅛	+0¼	12.85
GMAC O/S Fin. 11 84	100	99⅞	100⅜	0	+0¼	10.92
GMAC O/S Fin. 13⅜ 85	100	105⅞	106⅜	−0⅛	+0⅛	11.58
Goodyear O/S 12½ 87	75	99	99½	−0⅛	+0⅛	12.65
Hudson's Bay 11⅞ 90	75	98	98½	0	0	11.80
IBM Canada 10½ 85	50	99⅞	100⅜	+0½	+0¼	10.49
ICI Fin. Ned. 11 83	100	100⅛	100⅝	−0⅛	0	10.76
McGraw 13½ 85	75	102½	103	−0⅛	−0⅛	12.66
Norwest Ind. 13⅜ 87	50	100⅞	101⅜	−0⅛	−0⅛	13.33
Nova Scotia 10¾ 90	50	84⅞	95⅜	0	−0⅛	11.60
OKB 10 85	50	98	98½	0	+0⅛	10.47
Pembroke Capital 9⅝ 87	100	94	94½	0	−0¼	10.84
Pemex 11½ 88	100	97½	98	−0⅛	−0⅛	11.95
Quebec Hydro 11½ 92	100	97	97½	−0⅛	+0⅛	11.83
Repsteel O/S 11½ 88	100	93⅞	94⅜	−0⅛	−2⅜	12.71
Roylease Ltd. 11¼ 85	50	100⅜	100⅞	0	0	11.06
SNCF 12⅜ 85	50	104¼	105¼	0	0	10.95
Swed. Ex. Cred. 12⅜ 85	40	103½	103⅞	+0⅛	+0½	11.44
US Finance 8V 11 90	50	92⅝	92⅞	−0⅛	−0⅞	12.32
World Bank 9¾ 85	200	96⅞	97¼	−0⅛	−0⅛	10.55
World Bank 10⅛ 87	300	97⅜	97⅞	0	+0⅛	10.74
Average price changes... On day 0 on week 0						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	103⅛	104	0	+0⅛	8.43
Australia 8⅛ 90	250	102¼	103	0	−0⅛	7.72
BFCE 7⅜ 87	100	99½	100¼	+0¼	−0⅛	7.76
BFCE 8⅛ 95	100	100⅛	100⅞	+0⅛	+0⅛	8.06
Brazil 8 87	150	93⅝	94¼	+0⅛	+0⅛	8.20
Council of Eur. 7¼ 89	100	95⅞	96⅝	+0⅛	+1	7.85
Denmark 7½ 86	100	99	100	+0⅛	+0⅛	7.97
Denmark 8⅛ 92	100	99⅛	100⅛	+0⅛	+0⅛	8.26
EEC 7⅞ 94	225	99⅝	100⅛	+0⅛	+0⅞	7.87
EIB 7½ 89	200	98¼	99	+0½	+1½	7.71
Finland, Rep. of 8 86	150	99¼	100	+0⅛	+0⅛	8.06
Kobe, City of 7⅛ 89	150	95¾	96½	+0½	+0⅛	7.72
Kobe, City of 8 90	100	101	102	+0⅛	+0⅞	7.77
Mt. Bk. Denmark 8½ 90	150	100¾	101½	+0½	+0½	8.33
Norway 7½ 86	250	99⅞	100⅝	+0⅛	+0⅛	7.41
OKB 7⅜ 89	100	95⅞	96⅝	0	−0⅛	7.96
OKB 8⅛ 92	150	101	102	+0½	+0⅛	8.05
Oslo, City of 8⅜ 90	80	102½	103¼	0	0	8.29
Sweden 9⅜ 87	200	107⅞	108⅝	0	+0⅛	8.18
World Bank 7⅜ 91	400	98⅞	99⅝	+0½	+1	7.86
World Bank 7⅞ 90	250	99⅛	100⅛	0	+0⅛	7.88
World Bank 10 86	150	109⅜	110	−0⅛	+0⅛	7.86
World Bank 10 90	200	111⅞	112⅝	0	+0⅛	8.12
Average price changes... On day +0⅛ on week +0½						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	93⅛	94	+0⅛	0	6.44
Bergen, City of 4⅜ 91	40	95	95½	0	−0⅛	5.33
Bergen, City of 6 90	50	103¾	104¼	−0⅛	0	5.46
BNDE 5 88	75	85½	86	0	−0¼	7.21
BMW Overseas 4⅞ 91	100	93	93½	0	0	5.05
Buhrm'n-Tetterode 7 90	40	106⅝	107⅛	−0½	0	6.04
Caisse Nat. Tele. 4⅜ 89	100	94¾	95¼	−0⅛	0	5.08
Copenhagen 4½ 91	60	†91	91½	0	0	5.57
Council of Eur. 5 89	100	95⅞	96¼	−0⅛	0	5.56
Denmark 5¾ 90	80	100¼	100¾	0	+0⅛	5.68
EIB 4½ 91	100	90¾	91¼	−0⅛	−1⅛	5.62
EIB 4⅛ 94	100	†88	88½	0	−0¼	5.60
Elec. de France 4⅝ 89	100	†95	95½	+0½	0	5.04
Fe.G. H. Hypo. Bk. 8 90	50	†104½	105	0	+0½	5.37
GZB 4⅝ 88	100	91	91½	−0½	−0⅞	5.48
Hilti 4½ 91	35	†93	93½	−0⅛	−1½	5.05
Int.-Amer. Dev. 4½ 89	100	91½	92	−0½	−0½	5.59
Int.-Amer. Dev. 7 90	80	106⅝	107⅛	0	+0¼	6.04
Jutland Tele. 5½ 90	50	†100½	101	0	0	5.39
Malaysia 5 89	80	†88½	89	+0¼	0	6.67
Newag 5⅜ 90	80	†102½	103	+0⅛	+0⅛	5.38
Nippon Tel. & T. 4⅜ 89	100	94⅛	94⅝	+0⅛	−0⅛	5.03
Nordic Bank 5 89	45	99	99½	0	+0½	5.11
Norges Komm. 4⅜ 91	100	†92	92½	−0⅛	−0⅛	5.31
OKB 4⅜ 91	100	92	92½	+0⅛	−0⅛	5.31
OKB 5 90	100	†103⅛	103⅝	0	−0⅛	5.52
Oslo, City of 4⅜ 81	100	90⅛	90⅝	−0⅛	+0⅛	5.55
Sekisui Pre. Hms. d 90	80	102⅝	103⅛	−0⅛	−0⅛	5.61
Shikoku El. Pwr. 4⅜ 89	100	†96	96½	−0¼	−0½	5.28
World Bank 4⅝ 88	100	96¾	97¼	0	+0¼	5.05
World Bank 4⅛ 88	150	92⅛	92⅝	0	+0¼	5.45
World Bank 4⅝ 91	100	†93	93½	−0⅛	+0½	5.44
Average price changes... On day −0½ on week −0½						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.5 83	30	91⅞	93⅛	0	+0⅛	8.36
Australia 6½ 88	20	87⅜	88⅜	0	−0⅛	8.72
EIB 7¼ 89	12	95⅝	97⅜	0	+0½	8.31
Finland 5.6 83	10	91⅞	92⅞	0	−0⅞	8.61
Finland 5.8 88	10	88½	89⅝	+0⅛	−0⅛	8.90
Finland, Rep. of 8⅞ 87	15	96½	98	−0⅛	+0⅛	8.92
Average price changes... On day 0 on week 0						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	95¼	95¾	−0¼	0	11.87
CIBC 13½ 85 C$	50	103⅜	103⅞	−0⅛	−0⅛	12.42
CIBC 11½ 85 C$	60	98¼	98¾	−0⅛	−0⅛	11.91
Federal Dev. 11½ 90 C$	60	96½	97	+0⅛	−0⅛	12.07
Fst. Can. Inv. 10 84 C$	50	93⅞	94⅜	−0⅛	−0⅛	12.03
GMAC 12 85 C$	50	†99	99½	−0⅛	−0⅛	12.19
R. Bk. Canada 10 86 C$	40	94⅜	94⅞	−0⅛	−0⅛	11.38
Tordom Con. 13½ 85 C$	30	103⅜	103⅞	0	−0⅛	12.42
M. Bk. Dnmk. 8 91 EUA	25	93¼	94½	0	−0⅛	9.91
SOFTE 8⅜ 89 EUA	40	87½	88¼	0	+0¼	10.40
U. Bk. Nrwy. 9½ 90 EUA	18	98¾	99¼	+0⅛	+0½	5.69
Algemene Bk. 8⅛ 84 Fl	75	96⅝	97⅛	−0⅛	+0⅛	9.18
Algemene Bk. 10¼ 87 Fl	400	101½	102	0	+0⅛	9.59
Bk. Mees & H. 10 85 Fl	75	100½	101	−0⅛	+0⅛	9.80
Ned. Gasunie 8⅜ 84 Fl	50	100⅜	100⅞	0	−0⅛	8.55
Norway 8⅛ 84 Fl	100	96⅜	97⅛	−0⅛	0	8.13
Philips Lamps 8⅛ 84 Fl	75	97	97½	−0⅛	+0⅛	9.18
Air France 11 84 FFr	120	96⅛	97¼	0	0	12.06
CECA 14¼ 86 FFr	150	106⅝	107⅜	+0⅛	+0⅛	12.39
Euratom 9⅜ 87 FFr	150	85	86	−0⅛	−0½	13.06
Finland 11 84 FFr	80	95	96	−0⅛	0	12.40
Finland 11½ 89 FFr	70	93⅝	94⅝	+0⅛	+0⅛	12.64
Gaz de France 11 84 FFr	150	94⅞	95⅞	+0⅛	+0⅛	12.42
IBM France 11⅞ 84 FFr	120	98	98	+0⅛	+0⅛	12.28
Renault 9⅜ 85 FFr	100	86⅞	87⅞	0	+0⅛	13.39
Saint-Gobain 9⅜ 85 FFr	130	86⅞	87⅞	+0⅛	+0⅛	13.16
Solvay et Cie 8⅜ 87 FFr	125	84⅜	85⅜	+0⅛	+0⅛	13.19
Beneficial Fin. 14⅛ 90 £	20	102⅛	102⅞	0	+0⅛	13.72
Citicorp O/S 13½ 90 £	50	102	102½	+0⅛	+0⅞	13.03
EIB 11½ 91 £	25	96	95¾	−0⅛	−0⅛	12.11
Fin. for Ind. 12⅛ 89 £	30	99	98¾	+0⅛	+1	12.91
Fin. for Ind. 14⅛ 88 £	20	104⅛	105⅛	+0⅛	+0⅛	13.42
Gen. Elec. Co. 12½ 89 £	50	99⅝	100⅛	0	+0⅛	12.62
Swed. Ex. Cr. 15⅛ 85 £	20	106	106½	0	−0⅛	13.33
Banobras 8⅛ 90 KD	7	†95⅛	95⅞	0	+0½	8.93
CCCE 8⅛ 91 KD	10	†83⅞	84⅜	0	+1	8.99
Mitsubishi 7½ 84 KD	10	†94⅛	95⅛	0	+0⅛	9.08
Sonatrach 8⅛ 90 KD	12	†94⅛	95⅛	0	+0⅛	9.31
Akzo 9⅜ 87 LuxFr	500	94⅞	95⅞	+0⅛	+0⅛	10.17
Euratom 8 87 LuxFr	500	89⅜	90⅜	0	+0⅛	10.09
Euratom 9⅜ 88 LuxFr	500	98⅛	99⅛	0	+0⅛	8.95
EIB 9⅜ 88 LuxFr	600	98⅛	99⅛	+0⅛	+0⅛	10.00
Volvo 9⅜ 87 LuxFr	500	96⅜	97⅜	0	+0⅛	10.41

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	98⅞	98⅜	2/1	10.44	10.60
Bank of Ireland 5¼ 89	‡0¼	97⅞	98⅛	21/8	11.81	12.04
Bank of Tokyo 5⅛ 89	0⅛	97⅜	97⅞	25/10	16.56	17.01
Barclays O/S Inv. 5 90	0¼	97⅞	98⅜	13/12	9⅝	9.83
Bergen Bk. A/S 8 89	‡0¼	97	97½	29/8	10	10.28
Bilbao Int. NV 5¼ 90	0¼	96⅞	97⅜	28/11	10.06	10.35
Citicorp O/S F. 83	§‡0	98⅞	99⅛	23/8	10.18	10.28
Citicorp O/S F. 84	‡0	98⅜	98⅞	30/7	8.69	9.82
C. Itoh 5⅛ 87	0¼	99½	100	15/9	19.44	19.49
Co-operative Bk. 5 86	0¼	98⅜	98⅞	15/11	11.44	11.61
Creditanstalt 5½ 91	§‡0¼	97⅜	97⅞	14/9	9.44	9.69
CNT 5⅛ 86	§0⅛	100⅛	101⅛	18/10	18⅛	17.95
GZB 5⅛ 89	‡0¼	98	98½	1/8	15⅛	15.52
Jugobanka 8 89	0⅞	90⅛	92⅛	23/11	11⅛	12.74
Ind. Bank Japan 5⅛ 87	0¼	100	100½	15/10	18⅝	18.70
Lloyds Eurofin 8 90 £	0⅛	97⅜	98⅛	3/1	15⅜	18.09
LTCB Japan 5⅛ 88	0⅛	98⅛	98⅝	13/12	9⅝	9.77
LTCB Japan 5½ 89	0¼	98⅛	98⅝	7/12	10⅛	10.28
Mfrs. Han. O/S 5⅛ 94	‡0⅛	97⅛	97⅝	31/8	9⅞	10.13
Midland Intl. Fin. 5 89	0⅛	99	99½	20/12	8½	9.57
Midland Intl. Fin. 5¼ 92	0¼	98⅜	98⅞	5/12	10⅛	11.03
Nacional Fin. 6¼ 86	0¼	98	98½	25/7	14.69	14.95
Nat. West. 5¼ 94	§0¼	100	100½	11/10	18⅜	18.68
Nippon Credit 5½ 86	0⅛	97⅜	97⅞	12/1	9.56	9.80
Nippon Credit 5⅛ 87	‡0⅛	97⅞	98⅜	6/8	14⅛	14.65
Royal Bk. Scot. 5¼ 94	§‡0⅛	98	98½	11/10	9.31	9.48
Soc. C. de Bque. 5½ 87	0⅛	100⅛	100⅝	3/10	20.06	19.99
Sogenal 5⅜ 89	§0⅛	97⅜	98⅛	13/1	9⅝	9.83
Standard Chart 5⅛ 90	0¼	100⅜	100⅞	8/9	17⅞	17.14
Svenska Hndlsbk. 5 87	0⅛	98½	99	15/1	10	10.13
Sweden 8⅛ 91	‡0¼	96⅛	96⅝	18/10	18⅜	19.30
Williams & Glyn 5⅜ 91	0¼	99⅝	100⅛	14/9	18½	18.52
Bq. E. d'Alg. 4⅞ 89 SF	0⅛	91	91½	18/12	6⅛	6.71
Average price changes... On day 0 on week 0						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅛ 89	10/79	145	†120	121	0	−8.10
Ajinomoto 7¼ 95	2/80	815.5	109⅞	110⅞	0	−1.48
Alco Int. Fin. 9½ 94	1/80	40	94½	96	−0⅛	28.45
Apache I. Fin. 8¾ 95	12/80	21.12	115½	117	−0⅛	1.56
Asahi Optical 7 94	11/79	526.1	92⅛	93⅛	+0⅛	−2.17
Blocker Energy 8¾ 95	1/81	21.87	97⅛	98⅛	−0⅛	18.79
Canon 6⅛ 94	8/79	570	103¾	104¾	−0⅛	0.29
Credit Suisse 4⅜ 93	10/79	1278	109⅛	111⅛	+0¼	−3.05
Daiei Inc. 6½ 94	11/79	927.3	96⅞	97⅞	+0⅛	20.39
DOKK 11 90	4/80	324	108⅜	109⅜	−0½	6.77
Dynalectron 9½ 95	8/80	12.22	109	110	−1	2.93
Enserch Fin. 9½ 94	7/80	30.25	126½	127½	0	−0.53
Meidensha Elec. 7 94	12/79	210	99⅛	100½	−0⅛	10.62
Mitsubishi Co. 6½ 94	10/79	549.1	118½	120⅛	0	2.01
Nippon Seiko 7⅛ 94	12/79	339	†107½	108⅛	0	1.13
Toshiba Cpn. 7¼ 94	10/79	198	97	98	0	3.26
Union Bk. Switz. 5 89	2/80	121.4	99⅛	100⅛	+0½	5.75
Fujitsu 5 84 DM	7/79	475	101⅞	102⅜	−0⅛	5.44
Kansai Elec. 4 84 DM	4/79	1210	87	88	−0⅛	42.35
Sharp Cpn. 6½ 88 DM	8/80	595	100⅛	100⅞	0	14.69
Uny Co. 6½ 85 DM	11/79	1071	97¼	98	0	27.06

BONDTRADE INDEX AND YIELD

	Medium term		Long term	
July 25	92.75	8.86	82.50	10.92
July 18	92.72	9.88	82.64	10.89
High '80	93.58	(18/6)	89.19	(2/1)
Low '80	86.32	(2/4)	71.54	(29/2)

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euroclear
U.S. $ bonds		
Last week	1,912.6	2,441.4
Previous week	793.4	3,583.7
Other bonds		
Last week	385.8	606.8
Previous week	348.2	471.3

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on July 25

WORLD STOCK MARKETS

NEW YORK

CANADA

HOLLAND

HONG KONG

JAPAN

ITALY

NORWAY

SWEDEN

SWITZERLAND

FRANCE

AUSTRALIA

SOUTH AFRICA

BRAZIL

TEL AVIV

AUSTRIA

BELGIUM/LUXEMBOURG

GERMANY

DENMARK

SINGAPORE

Indices

NEW YORK —DOW JONES

	July 25	July 24	July 23	July 22	July 21	July 18	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦ Industr'ls	918.09	926.11	928.68	927.30	928.87	926.88	928.87 (21/7)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	72.89	72.96	73.16	76.56	73.54	76.26	76.61 (23/6)	65.87 (28/3)	—	—
Transport	303.90	306.50	309.71	312.55	315.45	308.28	315.43 (21/7)	233.89 (27/3)	315.45 (21/7/80)	12.23 (8/7/32)
Utilities	118.85	118.86	118.47	114.28	114.17	114.26	115.86 (18/7)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	38,256	42,426	45,890	52,230	42,750	58,040	—	—	—	—

Day's high 925.34 low 913.23

Ind. div. yield %	July 18	July 11	July 4	Year ago (approx)
	5.72	5.93	5.94	5.83

STANDARD AND POORS

	July 25	July 24	July 23	July 22	July 21	July 18	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	136.64	137.80	137.93	138.07	130.40	137.80	138.40 (21/7)	111.09 (27/3)	138.40 (21/7/80)	3.52 (30/6/32)
§Composite	120.78	121.79	121.93	122.19	122.61	122.64	122.51 (21/7)	30.22 (15/2)	125.86 (11/1/73)	4.40 (1/2/32)

	July 16	July 9	July 2	Year ago (approx)
Ind. div. yield %	4.88	4.97	6.07	5.32
Ind. P/E Ratio	8.02	7.90	7.22	7.87
Long Gov. Bond Yield	10.06	10.11	10.13	8.92

N.Y.S.E. ALL COMMON

July 25	July 24	July 23	July 22	1980 High	1980 Low
69.10	69.69	62.76	69.94	70.10 (21/7)	55.30 (27/3)

Rises and Falls	July 25	July 24	July 23
Issues Traded	(u)	(u)	1912
Rises	"	"	638
Falls	"	"	876
Unchanged	"	"	328
New Highs	"	"	67
New Lows	"	"	6

MONTREAL

	July 25	July 24	July 23	July 22	1980 High	1980 Low
Industrial	400.87	402.87	398.07	394.80	425.80 (29/2)	626.21 (27/3)
Combined	367.71	368.46	366.38	364.17	376.90 (29/2)	296.90 (27/3)
TORONTO Composite	2197.2	2204.8	2196.8	2179.0	2204.8 (24/7)	1702.5 (27/3)

	July 25	July 24	July 23	July 22	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1956/59)	914.2	817.41	911.69	814.80	947.47 (14/2)	769.08 (2/1)
Metals & Mins (1956/59)	5778.6	5782.94	5678.50	5699.56	6680.95 (14/2)	4591.28 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	87.15	87.15	87.07	87.08	88.40 (7/1)	68.85 (23/8)
BELGIUM						
Belgian SE (31/12/63)	94.54	94.28	94.30	(C)	106.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	94.79	94.79	94.28	93.84	96.74 (2/1)	74.76 (8/5)
FRANCE						
CAC General (29/12/61)	108.3	108.5	107.7	108.8	117.8 (22/2)	97.1 (5/1)
Ind Tendance (28/12/79)	111.4	111.4	116.1	109.2	111.4 (24/7)	98.60 (5/1)
GERMANY						
FAZ-Aktien (31/12/58)	235.75	235.75	235.50	236.88	238.89 (25/2)	212.75 (26/5)
Commerzbank (Dec. 1953)	739.0	743.6	742.7	746.5	749.2 (25/2)	657.6 (27/3)
HOLLAND						
ANP-CBS General (1970)	88.8	87.9	87.4	87.6	89.0 (25/7)	74.8 (27/3)
ANP-CBS Indust. (1970)	67.0	66.4	66.3	66.1	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1147.1	1130.37	1128.07	(C)	1147.1 (25/7)	780.8 (19/3)
ITALY						
Banca Comm. Ital. (1972)	108.12	107.54	107.28	105.04	108.12 (25/7)	83.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6816.4	6798.98	6857.47	6206.16	2904.61 (25/4)	6475.95 (27/3)
Tokyo New SE (4/1/68)	498.8	486.50	469.76	476.57	475.55 (25/6)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	125.75	125.75	125.90	125.56	144.76 (14/2)	110.12 (25/6)
SINGAPORE						
Straits Times (1966)	576.18	571.57	574.56	566.[illegible]	572.16 (25/7)	429.75 (3/1)
SOUTH AFRICA						
Gold (1958)	—	(u)	764.8	748.2	764.8 (25/7)	649.5 (15/6)
Industrial (1958)	—	(u)	570.7	564.0	570.7 (25/7)	456.8 (28/1)
SPAIN						
Madrid SE (26/12/79)	103.9	105.90	106.64	106.49	106.90 (24/7)	93.79 (16/5)
SWEDEN						
Jacobson & P. (1/1/58)	575.4	573.45	574.57	575.48	586.90 (8/2)	334.72 (17/1)
SWITZERLAND						
Swiss Bank Co. (31/12/58)	310.1	307.2	309.4	308.0	317.9 (11/2)	276.6 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	140.0	148.0	146.4	146.8 (21/7)	129.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Texaco	891,000	37¾	−1½
Burlington Ind.	519,100	21⅜	—
ATT	455,000	52⅞	−⅛
Norton Simon	443,900	16⅝	+⅞
IBM	375,800	64⅝	−⅝
City Invest.	330,600	23⅞	−⅛
General Motors	330,100	49⅝	−1
Nat. Semicductr.	323,000	29½	+1½
ITT	313,800	28⅝	−⅞
U.S. Air	276,500	14	−⅛

Nine guerrilla leaders hold the political reins

THE GENESIS of movement against the Somoza dictatorship and the circumstances in which the Government has developed in the past year have combined to give a peculiar form to the way the country is governed. The emphasis has been put on national unity rather than class struggle.

Power lies in the hands of the commanders of the guerrilla army which overthrew the dictatorship. These number nine and are drawn from all the three tendencies into which the movement was once split. In this collegiate body, most of whose members are comparatively young, each has his own speciality. Comandante Henry Ruiz, for instance, is also Minister of Planning; Comandante Carlos Carrion is the Sandinistas' overseer of the National Literacy Crusade.

Though some of the commanders are better known publicly than others, the collegiate type of leadership, so different in style from President Fidel Castro's overwhelmingly personal position in Cuba, has survived.

This collegiality is reflected at the second tier of Government, the junta of five, appointed by the Sandinista leadership, who carry out the functions of a sort of collective Prime Ministership. The five include one Sandinista leader, Comandante Daniel Ortega, but also Dr. Rafael Cordova Rivas, a leader of the Conservative party, and Sr. Arturo Cruz, who returned to his native Nicaragua after a long spell on the staff of the Inter-American Development Bank in Washington.

The other prominent organ of government is the Council of State which contains 47 members and acts as a sort of legislative body. The 47 are representative of national life, including the political parties, but are appointed by the Sandinista leadership and not popularly elected.

There is a free Press, with the conservative daily La Prensa not averse to making tart remarks about national life which are rapidly repaid in kind by Barricada, the Sandinista organ.

There is full religious freedom—another difference from the Cuban situation—and human rights, the Government has solemnly pledged, will be fully respected. In recent days the Government has announced the setting up of an autonomous human rights commission to look into allegations of human rights abuses. It has declared that the doors of the country are open to outside bodies who want to carry out investigations and the Human Rights Commission of the Organization of American States is expected to be sending a mission shortly.

It has also added that private human rights initiatives—as apart from the newly created autonomous body—will be welcomed by the Government. Habeas corpus and the right of "amparo," or judicial protection against arbitrary acts by the executive, are established.

There is no sign that the Government regards fundamental freedoms as "bourgeois" concepts to be despised and made little of. On the contrary, the Sandinistas, if they carry out their pledges, will have achieved the task of complementing civil rights, narrowly interpreted, with those economic rights for the poorest strata of society without which political rights have little meaning.

The first step towards the improvement of the condition of the poorest Nicaraguans was taken at the beginning of the year when the literacy crusade was launched under the co-ordination of Father Fernando Cardenal, a Jesuit. With half the adolescent and adult population illiterate, the step was a necessary prerequisite for the raising of living standards of the mass of the population.

700,000 illiterates

In a vast operation, 180,000 literacy campaigners, some as young as 11, have been organised on para-military lines, to bring reading and writing to 700,000 illiterates in whatever corner of the country they live. Special courses are being worked out for the English speaking communities of the remote, isolated and backward Atlantic coast and for the indigenous peoples of the same region.

Comandante Daniel Ortega, a Sandinista leader and a member of the junta of five, visiting Italy's President Alessandro Pertini

Schoolchildren and students have been organised into squadrons and sent off into the countryside and the smaller towns to educate. Each squadron is of 30 boys or girls, grouped four squadrons to a column and upwards into brigades and fronts, the latter corresponding to the six guerrilla fronts into which the Sandinistas were divided during their campaign against the dictatorship.

The programme is costing $20m, donations of money and services coming from the Netherlands, Peru, Iraq, the Dominican Republic and Sweden.

Parallel to the State organisations are the Committees for Sandinista Defence, neighbourhood groups which arose from the committees formed for civil defence during the war and which had the job of distributing rations, digging shelters and giving first aid to the civil population.

The CDSs, therefore, seem to have more of an authentic ring about them that their Cuban counterparts, the Committees for the Defence of the Revolution, which, Nicaraguans point out, were set up well after the Castro Government was victorious. The CDSs enjoy appreciable political latitude in expressing their members' opinions. At one CDS headquarters, supervised by a Communist of long standing, Gladys Baez, now a Sandinista in the city of León, the wall bore calls for the introduction of the death sentence for "enemies of the revolution."

Calls for the death penalty have been firmly vetoed by the Sandinista leadership, not least for the harm it would do to the international image of the Government.

As the revolution moves into its second year, many Nicaraguans are wondering when and under what circumstances the Sandinista leadership will redeem its pledge to convene elections.

Though the Sandinistas have wielded political power since their victory last year, other parties, the Conservatives, the Christian Democrats and the Communists have been allowed to continue, organise and proselitise. They are certainly expecting elections for a parliament with real power. The Sandinistas have however hesitated to name a day, despite—or because of—constant pressure from Washington.

The full reasons behind the Sandinistas' hesitation are complex and various. There is certainly a small minority within Sandinista ranks which is unwilling to see fair and free elections at any price. One must assume that these members are backed by foreign advisers sent from countries with Marxist-Leninist governments. Some Sandinistas, too, feel that the Council of State and the CDSs are democratic enough organisations whose existence will for the moment stand proxy for elections.

Some see difficulties in the fact that the Sandinistas as at present organised are what their title proclaims them to be, a guerrilla front rather than a political party, and a front whose activities have spilled over into activities which have little to do with the activities of orthodox parties.

This has brought quarrels about the use of the word Sandinista. Other organisations, notably the group supporting Sr. Alfonso Robelo, an engineer who was a member of the junta until his resignation earlier this year, wanted to use Sandinista in their title but were forbidden to do so by the FSLN leadership which claimed exclusive use of the word and the prestige which attaches to it.

Sandinista Army

The politicians then argued that the name should be removed from civil bodies like the People's Sandinista Army or the Sandinista Police. For their part the Sandinistas replied that other groups should have thought about it a lot earlier during the war.

Whatever the rights and wrongs of the quarrel it will be difficult to disentangle the FSLN from the business of government and define its role as a party rather than as an administration network.

Others think that the process of running an election would be too costly and divisive an operation to be contemplated at a time when Nicaraguans should be united in rebuilding the country after the war. There is, too, the feeling that as El Salvador drifts increasingly rapidly towards a crisis which could pull the whole of Central America towards a conflagration, elections would be pointless. Some say that literacy must be instilled and the lot of the poorest Nicaraguans improved before a poll can take place.

The constant nagging from Washington for elections in the view of some observers puts off rather than brings forward the day when elections will be held. The U.S. pressure is seen as having little validity given past support for the Somoza dictatorship and Washington's continuing support for undemocratic governments in other parts of Latin America.

The convening of elections will certainly be made easier if peace comes to El Salvador and Nicaragua feels under less pressure to defend its frontiers against possible attack from the north.

Few in Nicaragua feel that the results of free and fair elections would give victory to any one other than the Sandinistas. No other group has the prestige born of nearly two decades of armed and finally successful struggle against a dynastic dictatorship.

Popular victors

CONTINUED FROM PREVIOUS PAGE

The ambitious literacy crusade which aims to instruct every illiterate Nicaraguan who is capable of reading and writing to do so has, for instance, ordered uniforms for the young teachers who have been sent out into the countryside to teach the peasantry. This has given a valuable boost to the clothing sector.

But it would be a mistake to say that the Sandinistas and the private sector have settled down together like so many lions and lambs. Many Sandinistas feel that the businessmen have not reconciled themselves to the sort of social changes and levelling through of society that they, the Government, want. For their part, the businessmen and farmers, though happy at how things have gone so far, are wondering whether they are not being asked to build up enterprises which the Government will take over once they have become big enough.

Clear and blunt

The Government's position is put forward in all clarity and bluntness in the Emergency Reconstruction Plan 1980-81.

"The participation of private enterprise in the economic reactivation through its technical skills and the productive investment of its surpluses will allow the 'rules of the game' to be progressively defined as the process takes its course. As it does take its course the role that private enterprise can play in the construction of the New Nicaraguan Economy will be worked out on an actual, not a theoretical basis.

"The constructive position of the Government in this Programme, offering concrete guarantees and stimuli to private enterprise . . . can be considered a substantial step in the strengthening of national unity. At the same time this programme will be a test of patriotism which will allow companies to show their willingness to collaborate in the process."

In simpler language, there will be scope for the private sector if it wants to make use of it.

For the moment, Government and private business are still sizing each other up. Business knows that the Sandinistas are in control. The Sandinistas know that they cannot get very far very easily without business good will.

The process of sizing up and deciding strategies may soon be coming to an end and the results could soon flow. The final long delayed decision of Washington to commit $75m in an aid package to Nicaragua was seen by some as a challenge to the Nicaragua business community.

"They see U.S. taxpayers' money being invested here and that makes them think. They know that life in exile in Miami is not all that pleasant and that it is much better for them to live in their own country. They are now thinking hard about making new investments."

If the Nicaraguan private sector is indeed tempted to collaborate fully with the new Government, it will mark an important new partnership between the business community and the forces of social change whose significance will be of enormous importance for Latin America.

Sandinistas look abroad for new friends

THE SANDINISTA Government can thank few governments in the world for great favours extended to them, certainly none of the great powers and perhaps only three or four of the governments of their Latin American neighbours.

The Somoza dynasty, which the Sandinistas overthrew a year ago, had for long been a favoured ally of the U.S., an embarrassing ally for Washington at times but nevertheless an ally which could be trusted to see things the way Washington basically wanted them to be seen. The first Anastasio Somoza, the late father of Gen. Anastasio Somoza, who fled the country a year ago, had been installed in power by the U.S. after Washington decided to end its physical occupation of Nicaragua by the U.S. marines. Soon after his installation in power, the first Somoza assassinated Gen. Augusto Cesar Sandino, a soldier who had risen up against the U.S. marine occupation and from whom the present day Sandinistas take their name.

But many Nicaraguans look back past the Somoza dynasty and past Sandino to the middle of the last century when a U.S. freebooter declared himself president of the country and as his first act in power reintroduced slavery into the small, newly-created and vulnerable republic.

Unfortunately, it has been difficult if not impossible to be a patriotic Nicaraguan and at the same time an admirer of U.S. foreign policy, and it took all the military offensives that the Sandinistas could mount before the U.S. finally abandoned the last Somoza. It would not be able to continue to nave a direct influence in the country by maintaining Somoza's national guard intact after the dictator himself had departed.

U.S. aid

And even after the Sandinistas were installed in power, relations with the U.S. did not go entirely smoothly. Washington early on promised large amounts of aid for the new government, and promised to furnish it quickly as the country struggled to repair the damage of the civil war. But such were the conditions attached and the delays the aid Bill suffered in the legislature in Washington that only in recent days, a year after the overthrow of Somoza, have the Sandinistas been able to count on this money.

It is not to be expected therefore that the Sandinistas would have the same outlook on the world that the U.S. has, for instance, about the Olympic Games. From this, those commentators and analysts who see the hand of Moscow behind every move for political change in Latin America have been making the case that Nicaragua has fallen a victim to international Marxism-Leninism and that the country will soon become a central American Cuba if it has not already become one.

Such commentaries and analyses are based on news such as that the Castro government has sent 1,500 Cubans to help with the Nicaraguan literacy crusade, that Aeroflot has opened a new route from Moscow to Managua, that Cubans are giving advice to the police and security authorities and that the Nicaraguan Army has bought a number of military trucks from the East Germany on easy credit.

It would be dangerous, however, to over emphasise the importance of such happenings. The Soviets have given no sign yet that they intend to take any important economic or financial step to make life easier for the Sandinista Government in its first years of life. Perhaps conscious of the drain on its resources that support of the Cuban Government is costing it, and wishing to husband its own stocks of hard currency, Moscow has omitted—some say refused—to provide the Sandinistas with significant funds, or indeed assets of any sort apart from messages of solidarity.

The situation is reminiscent of the attitude adopted by Moscow in 1972 towards the hard-pressed Government of Dr. Salvador Allende in Chile. Perhaps the Soviets feel with the Sandinistas—as they appeared to feel with the Chileans—that there would be no guarantee as such undeviating political loyalty as would justify a large investment of funds in a faraway country.

Whatever the reasons, it is clear that the Sandinista revolution is not being run on Russian roubles but rather a mixture of money from some international financial institutions, some large cheques in Deutschmarks and son perhaps some U.S. taxpayers' dollars.

Soviet caution

In cautious mood the Soviet Ambassador has been telling local politicians that the Sandinista Government should do its best not to fall out with the private sector, statements that have been interpreted as meaning that Moscow does not want to find itself subsidising a second country in the Caribbean Basin.

In the past the Sandinistas have been able to count on good friends in Cuba, which is currently helping with what resources it has available—which do not include money; and from Venezuela which was a bulwark for the Sandinistas before the social democratic president Carlos Andres Perez gave way recently to Christian Democrat President Luis Herrera Campins. Gen. Torrijos in Panama has certainly been helpful while President Rodrigo Carazo in neighbouring Costa Rica discreetly gave the Sandinistas safe haven before they overthrew the Somozas.

Mexico, which was quietly helpful in the overthrow of the dictatorship, is now coming forward with attractive oil credit deals.

Britain, which once controlled the Mosquito Coast on the Atlantic side of Nicaragua as a protectorate, no longer maintains an embassy in Managua and, at the time of the overthrow of General Anastasio Somoza last year, Lord Carrington, the British Foreign Secretary, publicly stated that Britain was in no hurry to recognise the Sandinistas.

As one of his first acts on being named Foreign Minister—an act which surprised many—Father Miguel d'Escoto, a Maryknoll priest, reaffirmed Nicaragua's sovereignty over over the Caribbean islands of San Andres and Providencia which are now administered by Colombia. Father d'Escoto explains the action with reference to historical documents of the empire and what he says is the invalidity of the treaty that the U.S. persuaded Nicaragua to sign with Colombia which acknowledged Colombian jurisdiction.

At stake in present day economic terms is control of an enormous continental shelf which stretches nearly as far as Jamaica and which the Nicaraguans feel could one day yield enormous underseas riches.

Eye on El Salvador

But apart from the task of enlisting the maximum foreign help for Nicaragua, the principal foreign policy task of the Sandinistas is to keep an anxious eye on the situation in El Salvador in particular but also on Guatemala and Honduras. In Honduras former Somoza soldiers are encamped and present at least a potential threat to Nicaragua's northern border.

The Nicaraguan Government has from time to time expressed its moral support for the moderate Left-wing and radical forces which are fighting to overthrow the isolated and exasperated junta in San Salvador and there is little doubt that the majority of Nicaraguans see the fight next door as something similar to the one they had to wage to be rid of the Somozas. Yet the Sandinistas strongly deny that they are giving any material help to the Salvadorean guerrillas.

It is clear that the authorities in Managua want a quick end to the fighting in El Salvador and not least because the longer it goes on the greater is the chance of some foreign intervention, perhaps by some U.S.-backed military force. Such intervention, the Salvadoreans fear, could lead to the "Vietnamisation" of Central America.

And increased violence next door could also strengthen the hand of those in Nicaragua itself who are impatient with the present relatively easy-going political climate and who want the emergence of some more militaristic and sectarian Left-wing regime in Managua.

FOREIGN FINANCING 1980
($m)

	Total contracted	Disbursed in 1980
INVESTMENT		
Inter-American Development Bank	140.9	—
World Bank	59.3	—
USAID	80.0	—
Central American Bank for economic Integration	45.4	—
Kreditastalt fuer Wiederanfban	18.0	—
	343.6	223.0
REHABILITATION		
Inter-American Development Bank	73.5	73.5
World Bank	33.2	33.2
USAID	40.0	40.0
	146.7	146.7
Total	490.3	369.7

Source: Nicaraguan Government.

BALANCE OF PAYMENTS
($m)

	1978	1979	1980
Trade balance	+ 93	+210	−176
Services	−127	−145	− 73
Current account balance	− 34	+ 65	−249
Capital movement	−250	+ 28	+277
Government	+ 43	+209	+179
Private sector and nationalisations	−293	−181	+107
Central Bank of Nicaragua	...	...	− 9
Variation in international reserves	+284	− 93	− 28

(+ indicates fall in reserves and − indicates rise in reserves)
Source: Nicaraguan Government.

DEMOGRAPHIC INDICATORS
(000s)

	1975	1976	1977	1978	1979	1980
Total population	2,162	2,244	2,325	2,409	2,479	2,568
Urban	1,089	1,150	1,206	1,265	...	...
Rural	1,073	1,094	1,119	1,145	...	...
Economically active population	655	683	714	740	761	789

Source: CEPAL.

BASIC ECONOMIC INDICATORS

	1975	1976	1977	1978	1979	1980
Gross domestic product ($m at 1978 prices)	2,065	2,185	2,305	2,147	1,609	1,902
Agriculture	474	490	494	529	465	480
Manufacturing	402	416	448	450	332	371
Construction	93	102	104	61	29	58
Other sectors	1,096	1,177	1,259	1,107	783	993
Gross domestic product per capita ($m at 1978 prices)	955	974	991	891	649	741
Exports of goods (fob $m)	375	542	637	646	576	579
Imports of goods (cif $m)	517	532	762	636	444	582
Balance on current account ($m)	−184	−39	−172	10	132	−3
Public external debt ($m)	637	705	899	1,247	...	...
Total external debt ($m)	...	...	...	1,504	...	...
Total external debt per capital ($)	...	...	...	624	...	...
Conclusion:						
Net international reserves ($m)	16	56	−1	−225	...	...
Central government current income	1,323	1,527	1,796	1,621	1,155	1,758
Operating expenses	1,102	1,210	1,539	1,979	2,056	2,243
Current account surplus or deficit	221	317	257	−358	−901	−485
Capital expenditures	817	813	1,301	1,203	216	931
Total surplus or deficit	−656	−486	−1,044	−1,561	−1,117	−1,416

Source: CEPAL.

Balance of payments deficit under control

"THERE IS no balance of payments problem in Nicaragua," says Haroldo Montealegre, the young Minister in charge of the International Reconstruction Fund (FIR), who is responsible for regulating the level of the country's indebtedness.

It is a brave, some would say over-confident, statement to make on behalf of a country whose economy a year ago lay in ruins; whose gross national product fell 37 per cent last year; which found itself with a debt burden of more than $1.5bn for a population of 2.5m; and which is likely to have a big deficit on its balance of trade in this year.

But Montealegre argues that it is true. His office is on the 13th floor of the Banco de America building, the only high-rise building in Managua and one which escaped the destruction of the 1972 earthquake. He looks out over several square miles which once was the most highly-populated spot in the country but which is now covered by luxuriant tropical weeds. And much of what was not destroyed in 1972 was severely damaged in last year's fighting.

Despite the disruption Montealegre, who like many with authority in the Government, looks scarcely out of his mid-20s, the situation of the foreign debt is being brought under control and foreign aid has flowed in fast.

Foreign debt

As soon as Somoza rule was ended last year, the Sandinista got down to grappling with the country's foreign debt. It was clear that the ravaged country could not honour the terms of the loans contracted by the outgoing regime which borrowed a great deal of money from foreign lenders, not for investment in Nicaragua but for transfer to accounts outside the country. When Gen. Somoza left there was a mere $3.5m remaining in foreign exchange in the Government's coffers.

The new authorities therefore convened the many scores of foreign creditor banks to start discussing realistic repayment terms.

These banks elected a small steering committee, consisting of Lloyds—whose local affiliate, the Banco de Londres, had been one of the biggest foreign operators in the Nicaraguan financial market—U.S. institutions and Japanese and West European lenders. The two sides have been discussing ways of stretching $720m of loans for foreign commercial banks, of which about $500m had been borrowed with a Nicaraguan government guarantee.

Some of the meetings have been taking place in Mexico City where the Mexican Government, whom many foreign banks are courting, has given the Sandinistas its backing.

No one pretends that the negotiations have been easy. The banks have realised that there is little money for anything in Nicaragua but the present government at least had not reneged on the debts run up by the Somoza regime.

The Sandinistas have sought the best terms and additionally have made it clear that they would not agree to any further squeeze of the shattered economy nor any major cutback in economic activity, since they felt Nicaragua had suffered enough and that the population was looking for some relief from the horrors of the war.

Nicaragua's relations with the multi-lateral financial institutions have been varied. As might have been expected, the Sandinistas have taken a cautious line towards the International Monetary Fund. In a controversial decision which appeared to many to lack prudent financial realism, the Fund granted the Somoza regime a package of loans only a few weeks before it fell, arguing that the then government was passing through temporary difficulties.

Most of the IMF advances have been repaid and Nicaragua, meanwhile, has seen its quota of Special Drawing Rights increased to about $51m. Nicaragua is not currently in receipt of any balance of payments support from the Fund. "Relations with the Fund are cordial but we have made it clear that we consider the IMF has no role to play in the formation of economic policy in Nicaragua. On second thoughts you might say our relations are correct," says Montealegre.

Relations with the Inter-American Development Bank have been several degrees warmer. The IDB was quick to come to the aid of the Government at the end of the war last year and the Nicaraguans were eager to put its money to use quickly. A fortnight ago the IDB president, Sr. Antonio Ortiz Mena, made a quick visit to Nicaragua where he signed agreements for the provision of funds for new feasibility studies.

Sr. Ortiz Mena expressed a good deal of satisfaction at the way one $37m credit for agriculture, which had been expected to be disbursed over a four-year period seemed as though it would be put to work within one year. It seems as though the IDB will shortly be coming up with a further $95m for agricultural development and support of new state enterprises.

In the energy sphere Sr. Ortiz Mena mentioned the interest of the Bank in the possibilities of geothermal power generation in Nicaragua using heat from some of the active volcanoes which dot the horizon round Managua. It is little wonder that the local office of the IDB is recruiting more staff to cope with the rush of work it is handling.

Aid delayed

As the accompanying table shows, the World Bank and the West German Kredietanstalt für Wiederaufban are also contributing appreciable funds for the Nicaraguan reconstruction process.

Inevitably, however, much attention has been concentrated on whether the U.S. government would assist a government whose accession to power last year was widely regarded as a disaster in Washington. Directly the Sandinistas came to power the U.S. Government pledged support and discussions centered on a USAID package of $75m which the authorities in Managua hoped would be made available fairly quickly.

In reality, however, the discussions about the conditions attaching to the aid and the controversy the whole project aroused in the U.S. legislature have meant that only now 12 months after the end of the war, are the funds formally committed.

PRINCIPAL EXPORT ITEMS
(value in $m)

	1978	1980
Cotton	140.9	33.7
Coffee	199.6	162.0
Sugar	19.6	35.7
Beef	67.7	71.5
Lobster and Shrimp	14.7	39.8
Chemicals	52.1	56.0
Textiles	11.5	10.4
Gold	6.1	23.4
TOTAL (all export items)	646.2	524.3

Source: Nicaraguan Government

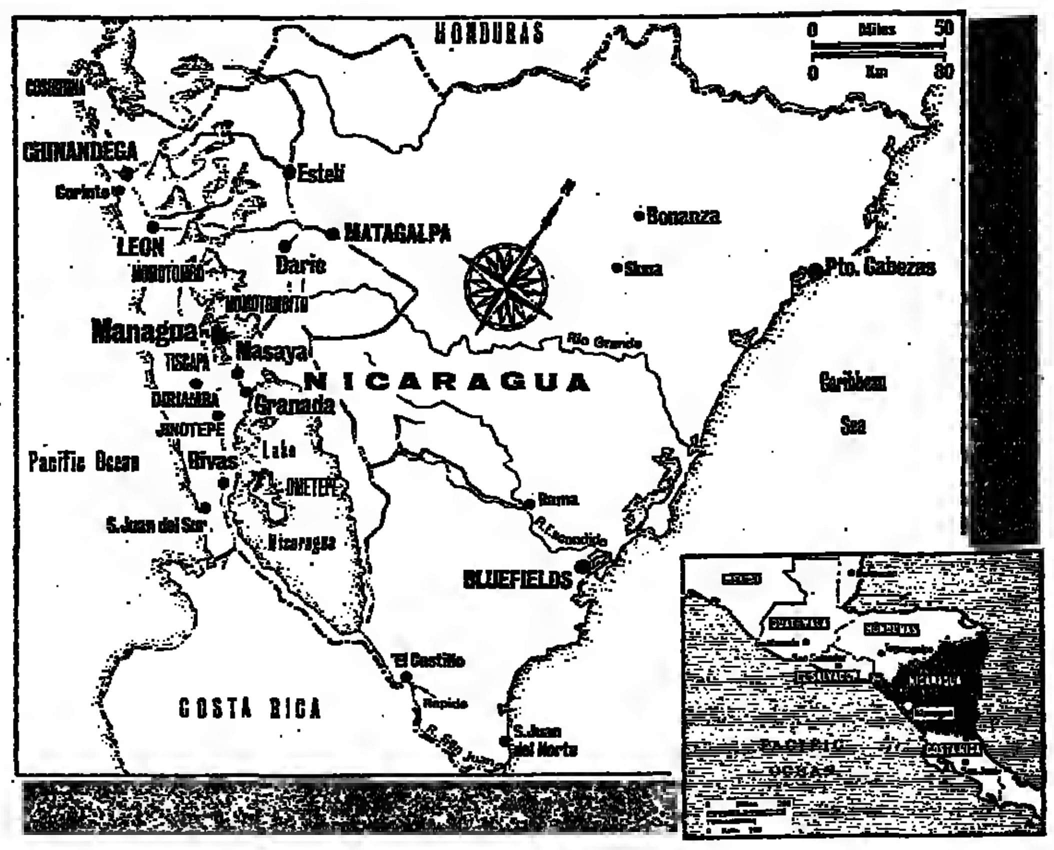
هكذامن الأجهل

FINANCIAL TIMES SURVEY

Monday July 28 1980

Nicaragua

In the year since General Somoza was ousted from power after 10 months of bloody fighting the ruling Sandinista Front has set about reconstructing the country. It aims to turn Nicaragua into a stable and prosperous State with an important role for private business, with room for diverse political opinions and with respect for human rights. Hugh O'Shaughnessy reports.



Popular victors take control

SAYS A senior diplomat: "We are living through a worst contingency situation here in Nicaragua — that is to say that our worst forecasts have come true. But it really isn't that bad. I think we misjudged the Sandinistas and were really ignorant about them."

A year after the fall of Gen. Anastasio Somoza Debayle, last of a dynasty which controlled this Central American country for nearly five dacades, the remark of a diplomat stationed in Managua sums up the feelings of many non-Nicaraguans. They feared anarchy, chaos and bloodshed would come ahout after the guerrilla army—the spearhead of a general insurrection against Latin America's oldest surviving dictatorship—took over.

The reality of the situation in Nicaragua today is that, to the relief of many, the corruption and despotism of the Somozas has not been replaced hy a totalitarian Leninism. If all goes well for the country, it will emerge from the frantic reconstruction effort that is currently going on and become a society where political pluralism and human rights are respected, where private business is given an important place in the economic scheme of things, and the needs of the poorest sections of the community are given priority.

If this happens — and there are good grounds for feeling that it could—then Nicaragua would emerge as an island of stability and moderate prosperity in a region otherwise bedevilled hy violence and unrest.

When the Sandinista Front for National Liberation (FSLN) took the reins of power in Managua a year ago the situation was desolate in the extreme.

Even before the insurrection against Somoza rule set the country alight Nicaragua was still suffering from the effects of the 1972 earthquake which flattened the centre of the capital and caused damage totalling many millions of dollars. The violence of nature is to be seen to this day in the ruined city where a gridiron pattern of streets ara often the only clue that Managua was once a hustling and crowded metropolis.

Then, from September 1978, came ten months of fighting which claimed the lives of 35,000 people, the majority of them children, women and old people, or 1.5 per cent of the country's population. About 100,000 people were wounded, 150,000 had to quit their homes, and 1m people or 40 per cent of the population needed emergency feeding.

Damage to property was grave, $38m to dwellings alone out of total damage estimated by the UN at nearly $80m for the country as a whole.

Though the agricultural potential of the country was clearly not as affected as the physical infrastructure, the war played havoc with the sowing of the cotton crop, one of the two agricultural exports on which Nicaragua depends for its living. Only 36,000 hectares of cotton were planted in 1979 where 175,000 hectares had been planted before.

Ransacked

Traders suffered badly as the result of looting as the main stores in the principal cities affected were ransacked before the Sandinistas restored order.

Such was the universal odium in which Gen. Somoza was held by all Nicaraguans except his very small coterie of court favourites that the Sandinistas had enjoyed the support of all atrata of society well hefore their victory. Prominent among Somoza's opponents, for instance, were members of the Conservative Party.

The killing hy Somoza's men of a prominent Conservative newspaper owner, Sr. Pedro Joaquin Chamorro of La Prensa, in fact signalled the beginning of that wave of popular revulsion which ended in the dictator heing tipped out of office. Nicsraguan business, as well, had no reason to love the Somozas or withdraw their co-operation from the Sandinistas. For long the dictatorship had given the impression that it wanted to monopolise all lucrative enterprises for itself. In agriculture the dictatorship beld a total of abont 350,000 hectares of land, 60,000 hectares tilled, 100,000 hectares for grazing and the rest left wild.

As the war continued those members of the middle-class who had not already lost patience with the Somozas rapidly did as the regime started destroying any enterprise whose owners expressed their opposition.

Then there was the position of the Catholic Church, a reasonably powerful organisation in Nicaragua. Though it had not been a vocal opponent of the Somozas in the earlier decades of their rule, its opposition to them increased during the 1970s. Many members of the Chnrch became senior Sandinistas and one priest, Father Gaspar Garcia Laviana, became an active guerrilla himself and was killed in bsttle.

Shortly hefore the dictatorship was overthrown, the Nicaraguan hishops issued a statement which acknowledged the "moral and legal legitimacy" of the insurrection.

Nor were the Sandinistas themselves a tightly-knit and ideologically sectarian group. Three tendencies, the "proletarians," the "prolonged peopla's war" and the "terceristas" reflected distinct currents of opinion within the movement. These were at times mutually hostile within the context of a clandestine movement founded in 1962 by Carlos Fonseca Amador and dedicated to the memory of General Augusto Cesar Sandino, a nationalist who fought against the U.S. occupation of Nicaragua in the 1920s and who was later killed by the first member of the dynasty, General Anastasio Somoza Garcia in 1934.

As the uprising against the dictatorship prospered in 1978 and 1979, the three factions learnt mutual tolerance of each other's political views which extended from Conservative to Leninist.

BASIC STATISTICS

Area:	130,000 sq km
Population:	2.48m (1979)
GNP:	9,535m Cordobas (estimate 1979)
Per capita:	3,845 Cordobas
Trade (1979)	
Exports:	$576m
Imports:	$340m
Trade with UK (1979)	
Imports:	£3,229,000
Exports:	£895,000
Currency:	£=23.60 Cordobas

Thus It was a very heterogeneous hunch which finally achieved the overthrow of the dictatorship on July 19, 1979. All points of view which had opposed the Somoza regime were allowed to he heard in the months after the guerrilla victory and many Catholic priests were appointed to top positions in the Government. Father Miguel d'Escoto, a Maryknoll priest, is today Foreign Minister, another, Father Ernesto Cardenal, is Culture Minister, and Father Fernando Cardenal is in charge of the National Literacy Crusade which is one of the principal domestic successes of the Sandinlstas in their first year of office.

Key roles

In all, ahout 25 clergy are in key roles in the Government and their influence is such in some quarters that, for instance, the Ministry of External Affairs is referred to by wits as the Monastery of External Affairs.

And even if such a broad and novel coalition of business and working-class, Marxist and religious, oligarch with revolutionary is not to the taste of some Leninist purists, Nicaragua seems acarcely able to afford to follow any sort of sectarian or tutalitarian path which would drive ont of tha country the skilled people that it needs for its reconstruction and development.

Nicaragua, unlike Cuha, is not an island and faces the prohlem of defending its northern horder against turbulent and potentially unfriendly neighbours in the north, El Salvador, Honduras, and Guatemala, the first and last of which are already engaged in a ferocious civil war.

The ravaged economy has heen helped greatly by financial contributions for the international financial agencies and from Western Enrope where the Sandinistas enjoy no little political sympathy. Even the U.S., which up to a year ago was doing its best to hlock a Sandinista victory, has decided to aid the new Government.

Nor is there much sign that the Soviet Union or the East European countries are rushing to capture the heart of the Sandinista revolution with offers of money. It is true that East Germany and Cuba exert an influence in the police and sacurity organisations. But the Communist powers, perhaps feeling as they did with Chile in the time of President Allende, that they could not be sure enough that the Latin Americans would he reliable enough politically to give them a return on their investment, have not given much financial assistance to the new Nicaragua.

In the case of the Cubans, of course, they have no financial aid to give and reportedly have warned the *Sandinistas* not to make the same mistakes of cutting their links with the West and with their own private sector that President Fidel Castro did. One leading Conservative politician says that he received the same messsge from the Soviet ambassador himself.

To report this is not to imply that the Sandinistas have not got minds and opinions of their own. They have demonstrated that they resent foreigners who seek to run their country. They see their revolution as a move against Washington's crushing influence in Nicaragua but since the revolution they have also expelled meddlesome foreign Left-wingers from many countries who wanted to run their civil affairs for them.

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As the reconstruction process gets into its stride the Sandinistas are building up their own political and economic systems. Power rests in the FSLN, the guerrilla movement which organised the overthrow of the dictatorship. The leadership of the FSLN resides in a group of nine commanders of the Revolution who exert a collegiate rule.

Elections have heen promlsed though no date has yet been set for them.

Despite its hostility to the Somozas, the business community was understandably apprehensive as the guerrillas took over. It has now recovered some of its composure as the work of reconstruction goes ahead, providing contracts and profits at a critical time.

CONTINUED ON NEXT PAGE

NICARAGUA IV

How the revolution has affected two people. Tim Wilson is in charge of BAT's cigarette factory and Marta Cranshaw is the Sandinista Front's political secretary.

Close liaison with the State

"WE WORK more closely with this government than we ever did with the previous one," says Tim Wilsoo, 44, the Britisb American Tobacco man who is in cbarge for the moment of the company's local subsidiary Tahacalera Nicaragüense (Tanic).

BAT bought a local cigarette manufacturing company more than 20 years ago and now produces all of the couotry's cigarettes in Tanic which has an annual turnover of about $45m. BAT has also helped develop the local tobacco growing industry so that today it provides all hut a tiny percentage of the leaf Tanic uses, and is beginning to export.

The factory lies io the only industrial complex the country bas got, a frioge of factories on the road into Managua from the airport. It employs nearly 300 people and escaped almost unscathed in last year's war. For a time the plant operated as a Red Cross centre treating the war wounded.

"To have survived the war a company bad to have three things: a good deal of luck, a good secnrity system aod a contented workforce; I think we bad all three," Mr. Wilson says. "Many plants were looted hecause the workers had had bad experience with management in the past and many plants were attacked because nona of the workers wanted to defend them.

"In our case another factor which helped was that neither side in the war wanted to destroy a factory producing a very politically sensitive item."

Wilson, who has spent 21 years with BAT, hacks up his claim to have hetter relations with the Saodinistas by pointing to a number of events over the past year. The factory itself was hrought back into full production only four days after the end of the war, turning out packets of cigarettes which for a time served as a sort of local currency. "At one time you could get five chickens or a TV set for a carton of cigarettes."

Other tobacco manufacturers took a more short term and alarmist view of the incoming government. In the northern town of Esteli refugees from Cuha had set up a cigar industry which hy the time the revolution in Nicaragua came was turning out some excellent products such as La Joya de Nicaragua which the British cigar trade rated second only to Havanas themselves.

The Cubans, however, fearing that the Sandinistas would be another version of Castro, swiftly decamped, taking aome of their machinery with them over the oorthern horder into Honduras.

They were not known as good payers either, and the impression is that many of the women cigar makers were not sorry to see them leave.

Thrown together

As a result of the Cubans' departure the State found itself running the Esteli cigar industry and involved in maintaining the local producers of the high-quality wrapper and filler leaves.

Agroinra, the State organisation, and BAT were therefore thrown together as the two biggest buyers of leaf in the country—which had its consequences when earlier this year bluc mould disease hroke out in Central America and started blighting the tobacco plants in Nicaragua.

As the spores which canse the disease multiply at the rate of 30 per cent a day and are as partial to the leaf of tobacco grown for a Britisb multi-national as for that for a State company, both bad to move fast. BAT imported $300,000-worth of chemicals from Ciba Geigy of Switzerland, sold a share to Agroinra and both organisations started an immediate mergency campaign which had plants np and down the countr ysprayed within three days, using aircraft, helicopters, man packs and mules.

Recently, BAT and the Government bave collaborated again, this tima over the question of match distribntion. The match monopoly was used as a private soorce of funds and political rewar dby Somoza and no marketing system was ever set up. In the months after the revolution matches were a constant course of speculation as wholesalers hoarded and sent prices up from the equivalent of U.S. 6 cents a box to sometimes 30 cents a box.

This month, therefore, the Government, wbich now owns the match factory, and BAT signed an agreement under which the latter wonld market matches through its distribution channels with the aim of keeping the black market at bay.

It would, of course, he false to give the impression that the year since the revolution has heen a honeymoon for Government and foreign business—or even local business. Wilson confesses that he has gone through times of worry about Government policies as well as times of hope for his company's future in Nicaragua. No foreign company for instance is likely to walcome the 40 per cent tax on dividends remitted abroad. So far, however, BAT and the Government have worked out a *modus virendi.*

Mr. Tim Wilson

Ambitious plan to raise production

THE EMERGENCY plan to reactivate the economy, published on January 14, is nothing if not ambitious. It aims to expand the economy from the disasterously low levels of activity experienced last year and at the same time to redistribute national income to help correct the extreme disparities of wealth which are one of the most sinister inheritances of Somoza rule.

The plan, which was prepared by a team of 200 technicians in consultation with the country's civic organisations and representatives of the private sector, is basic to any understanding of the economic process—indeed of the political process—going on in Nicaragua today.

The position of the State, which in the past was very feeble when compared to tbe large personal assets of the Somoza family, has been strengthened hy the nationalisation of lands and companies confiscated from them. These totalled some 350,000 hectares and included some 2,000 companies engaged in every commercial activity from running an airline to making páving blocks.

In addition the State has taken over, against compensation the terms of which have still to be finally fixed in detail, locally owned banks and all foreign trade.

Infusion

Many, though not all, of these hanks had been placed in very straitened circumstances by the large devaluation of the cordoba decreed hy General Somoza last year which vastly increased the local currency they needed to meet the foreign obligations they had contracted. The locally owned banking system could not have survived in its original form without a large infusion of state funds.

With the title of National Financial System, it is now reorganised into five banks, each of which provides one of a number of services ranging from ordinary commercial banking to mortgage financing or small savings accounts. The foreign-owned banks have been allowed to continne nperations thougb they have been stopped from taking cordoba deposits.

This has necessitated in the case of the local Lloyds affiliate, the closing of a large retail operation and the laying off of staff, though the Banco de Londres, as it is known, seems to be prospering on new business generated by the demand for letters of credit for importers.

This financially stronger state is today seeking a partnership with organised labour and the private sector with the aim of bringing back prodnction levels this year nearly to the levels of 1978 and next year to achieve the "normal" levels of 1977.

The aim is to create 95,000 new jobs, more than half of them in the farm sector, and bring unemployment and underemployment down from 28 per cent last year to 17 per cent this year. A Government hndget daficit of $254m nn expenditures of $577m, is expected to be financed by local borrowing of $31m and foreign financing of $223m.

The new control the incoming Government has assumed over the economy has not led to any large measure of fiscal irresponsibility such as has happened elsewhere in Latin America. There bas been no resonrce to printing money to cover the Government deficit. "We have not tried to suspend the laws of value nr to pretend that the problems of inflation would not occur in a revolutionary situation," commented a senior member of the Planning Ministry.

The Sandinistas bad hoped that Nicaraguan inflation this year would be running at less than 25 per cent, that is to say a little in excess of the general level of price rises in Central America as a region. In fact the regional level of inflation was higher than expected and Nicaragua has bad to live with about 30 per cent a year.

Despite that, the prices of many items are lower in Nicaragua than in neighbouring countries and there has been a problem with goods being smuggled out of the country, to war torn El Salvador in particular.

The process of keeping inflation within bounds has been helped by the fact that there are few problems of lack of productive capacity and that the challenge consisted in getting the spare capacity back into operation.

There is evidence to suggest that better supervision of some industries could quickly improve their worth to the country. Some tobacco exporters got into the habit of under-invoicing the leaf they shipped abroad, creaming off the profits in the U.S. and the Government alleges that the same was done for many years by the gold mining companies in the eastern department of Zelaya.

Great potential

As far as the possibilities for the expansion of the productive base of the economy is concerned, nbservers, whether sympathetic to the Government or to its opponents, agree that the potential is very great. There is much idle land of the sort which is producing most of domestic food requirements, wheat apart.

There is much spare land too for the comparatively small population of 2½m to increase the production of export crops such as coffee, cotton and beef. The Government has plans for a large increase in the production of fish and sea food.

In the mineral sector the 67,000 troy ounces of gold should bring in $23.5m this year, fnur times what the same volume brought in in 1978, and there could be uranium and oil soon to be found.

Local cotton could be used more widely in the existing textile industry and a small chemical industry which already sells its products up and down Central America could be expanded.

With a large range of export products and the natural resources for a big expansion of its productive base the Nicaraguan economy is a great deal less vulnerable than many Latin American economies.

Woman of influence in the new democracy

MARTA CRANSHAW is in her mid-twenties and looks rather younger. She is dressed casually in a plain hlouse and jeans in the manner of some well-bred Englisb high scbool girl. Her office is sparse and neat; sbe does not appear to smoke. As political secretary of the FSLN or Sandinista Front in Leoo, a city of 90,000 people, the former capital and today the second city in Nicaragua, sbe is one of of the most powerful — or perhaps better one of the most influential—people in the country.

Her life story aod present attitudes are typical of the generation of former guerrillas who are running Nicaragua. Her father, an agricultural technician, traced his family, like many Nicaraguans, hack to England. More prosperous than the mass of his countrymen, he sent his daughter to a fee-paying religious school in Leon where in the early 1970s she became caught up in social work among the poorer people, in company with other well-meaning Catholic girls.

In the early 1970s Marta Cranshaw's good works among the poor of her home town, though at the time devoid of any active political content, were discouraged by the Somoza regime which saw them as potentially subversive.

Clandestine

In 1973 sbe started a medical degree at Leon University and her political education started in earoest. As she recouots it today, the overthrow of the Government of Dr. Salvador Allende in Chile in 1973 had a profound effect on her thinking and at the same time she came into contact witb members of the then clandestine Sandinista guerrilla movement among her college friends. She hecame involved in movements in which landless peasants squatted on the land of major landowners of the region and was given the task of co-ordioation and political education.

She was still io her teens when in 1975 the Sandinistas decided to withdraw her into the mountains because her face and activities were hecoming too well-known to the Somoza police. In the mountains nortb of Leon sbe had her haptism of fire wheo the Sandinistas took on the Somoza national guard in what has become known as the battle of El Sauce. After El Sauce, which did not go as well for the guerrillas as they had hoped, Marta Cranshaw was sent to organise Sandinista cells among the workers of the port of Corinto.

Sbe carried off this unlikely task for a young girl by passing herself off at times as a tourist, at times as a visltor from another part of the country. On May 16, 1977 she was captured by Somoza police after what she helieves was information wrung from a fellow guerrilla under torture. Then started 16 months of cnnfioement in the police headquarters in Managua, half of it in solitary confinement. She was finally freed in August 1978 after the Sandinistas had captured the Nicaraguan Congress building aod swapped the hostages they took there for the guerrilla leaders in captivity.

For the past four months she has been the delegate of the collective leadership of the Saodinista Front in Nicaragua. She bas no direct responsibility for the municipal life of Leon, which is run hy a small committee, or, say, of the literacy crusade which is run from a house next to her office, or nf the Army or police. Tbese all respond to their respective ministries or national organisations and nltimately to the five-man ruling junta.

Her channels of communication are rather with the Sandinista Front itself, the collection of her former comrades who are the ultimate sonrce of all authority in the country. "People come to me for things wben they can't get the replies they want out of the Ministries," she said to me after she had fixed up a meeting with the local traders who wanted to see her about the state of the retail trade.

Marta Cranshaw is really not much interested in the world outside the Western hemisphere, or at least she gives that impression. Sbe is most interested in her immediate task in Leoo.

"Ours is a democratic revolution, really deeply democratic and we are determined it will stay that way. It came about through a union of working people and patriotic people in the middle class; our aim is to contioue the tremendous unity we succeeded in forging in the fight to overthrow Somoza."

هكذا من الأصل

APPOINTMENTS

Economic planner for British Gas

Mr. Derek Portsmouth has been appointed head of regional co-ordination in economic planning division at BRITISH GAS HQ in London from August 1. He will co-ordinate regional planning activities and effect liaison between HQ and regions on planning problems. Since 1971 Mr. Portsmouth has been head of corporate planning and management services for East Midlands Gas Region in Leicester and prior to this spent 15 years working for Esso Petroleum and Gulf Oil.

★

Mr. Roy S. Hillyard has been appointed managing director of GEECO PRODUCTS, a subsidiary of McKechnie Brothers. He was previously with Eutectic.

★

Mr. M. R. N. Moore has been appointed a director of F. H. TOMKINS.

★

The Secretary for the Environment has appointed the Viscount of Arbuthnott as deputy chairman of the NATURE CONSERVANCY COUNCIL for three years. He will also be chairman of the council's Advisory Committee for Scotland.

★

The Home Secretary has appointed Miss S. M. Ritchie and Mr. M. Morland, as members of the CRIMINAL INJURIES COMPENSATION BOARD.

★

Mr. Michael Newman has been appointed a director of LONDON AIRTAXI CENTRE.

★

Mr. Adrian N. Hinwood has been appointed a director of GLOBAL CLEANING CONTRACTS (HOLDINGS) and Mr. Richard W. Crook becomes a director of Global Franchise Services.

★

Mr. Alan Moss, managing director, Chromoworks, is to join the Board of Petty and Sons, and Mr. Kenneth Petty, managing director, Petty and Sons, becomes a member of the Board of Chromoworks. BPC is the parent concern.

★

Mr. S. W. Calcroft has been appointed an associate director of BRADSTOCK BLUNT (NORTHERN).

★

Mr. C. Alastair Ogilvy, director of the REINSURANCE OFFICES ASSOCIATION, will retire on November 30 and will be succeeded by Mr. Russell H. G. Chilvers, at present assistant director.

★

Mr. Derek Sandford has been appointed to the Board of AYLESTONE METAL (REFINING) as commercial director.

★

Mr. John Jones has been appointed sales director and Mr. Stan Jones, associate director, of MULTIGLASS, a member of the Aygee Group.

★

Mr. Robert G. Bennett has become managing director of EP BARRUS in place of Mr. P. A. Barrus, who has retired from that position but remains chairman.

★

Mr. George Troughton has been appointed a director and general manager of TORRANCE AND SONS, a subsidiary of Stothert and Pitt.

★

Mr. A. D. Rapley is to join LESLIE AND GODWIN (UK) on August 1 as director responsible for servicing within London. He was formerly with C. T. Bowring UK.

★

Mr. Ole K. Roed has been appointed deputy managing director of BANQUE NORDEUROPE S.A. in Luxembourg. He was previously with the First National Bank of Chicago in charge of its Saudi Arabian business.

★

Mr. John Gelling has been appointed managing director of ST. PAUL'S EMPLOYMENT AGENCY from August 1 to succeed Mr. Jean Merlier who is to take up a position with ECCO S.A., France. Mr. Gelling was previously deputy managing director of Private Patients Plan.

★

Mr. John K. Flowers has been appointed senior assistant general manager of WORLD-WIDE ASSURANCE COMPANY and Mr. Gyles Taylor has become company secretary.

★

Mr. Kenneth G. Wright has been appointed a director of STERLING GUARDS from September 1.

★

Mr. John N. C. James, a trustee of the Grosvenor Estate, has been elected president of the ROYAL INSTITUTION OF CHARTERED SURVEYORS.

★

Mr. John R. Williams and Mr. J. Richard Owen have been appointed directors of JAMES BUCHANAN AND CO. Mr. Williams remains company secretary. Mr. Owen continues to be responsible for the EEC countries, Austria and Switzerland and will take over additional export market areas.

★

Mr. Frank Burditt has been appointed to the main board of the TRAVIS and ARNOLD GROUP. He has been responsible for the integration of Ellis and Everard Building Supplies acquired by the Travis and Arnold Group in 1978.

★

Lord Westbury has been appointed non-executive chairman of MERU GROUP on the retirement of Mr. Leonard Pearl, who had been chairman since 1970.

★

Dr. M. R. Scott has been appointed group planning director of HARGREAVES GROUP from October 1. He will relinquish his post as chief executive of its associate company, Hargreaves Fertilisers, but remain on the Board.

★

Mr. E. G. Everett has been appointed to the Board of PENTLAND OIL EXPLORATION. Until his retirement, Mr. Everett was a director of Shell U.K. Exploration and Production.

★

Lord Ampthill has been appointed to the board of DUALVEST, a company managed by DRAYTON MONTAGU PORTFOLIO MANAGEMENT.

★

Mr. Vincent Gargaro has been appointed director of marketing at PLESSEY COMMUNICATIONS AND DATA SYSTEMS. He was previously with Honeywell Information Services as director of its minicomputer and terminals division.

★

Mr. Stephen Whetstone has been appointed financial director at S.E. ACCESSORIES AND CHEMICALS, a member of the HALMA GROUP.

★

Professor Charles Phelps, at present Professor of Biochemistry at the University of Lancaster, is to become principal of the CHELSEA COLLEGE UNIVERSITY OF LONDON from January 1, 1981. He will succeed Dr. David Ingram, who is leaving Chelsea to become Vice Chancellor of the University of Kent at Canterbury.

★

Mr. Jan Birkenheim, Mr. David Evans and Mr. Mark Maycock have been appointed managers of SCANDINAVIAN BANK.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—

British Cinematograph Theatre, 9-11, Richmond Buildings, Dean Street, W. 12.00
Cameron (J. W.), Greenbank Offices, Lion Brewery, Hartlepool, 10.30
Dominion and Gen. Tst., 3, Albyn Place Edinburgh, 12.00
Hill (Philip) Inv. Tst., 1, Brewer's Green, Buckingham Gate, SW, 2.30
Property Holding and Inv. Tst., Europa Hotel, Grosvenor Square, W. 12.15
Scotcros, Albany Hotel, Bothwell Street, Glasgow, 12.00
Town and City Props., Winchester House, 100, Old Broad Street, EC. 10.30
Whitecroft, Blackfriars House, Parsonage, Manchester, 12.00

BOARD MEETINGS—

Finals:
Gresham Inv. Tst.
Hampson Inds.
Inchcape
Prov. Cities Tst.
Ward and Goldstone
Wyatt (Woodrow)

Interims:
Bank Leumi (UK)
CSC Inv. Tst.
Colonial Secs. Tst.
Temple Bar Inv. Tst.
UC Invs.

DIVIDEND & INTEREST PAYMENTS—

Baraboo Tea 5p
Bremar Tst. 0.95p
Brixton Estate 1.455p
Bruning Ord. and Res.-Vtg. Ord. 2.45p
Canadian Imp. Bk. Commerce 45cts.
Canadian Pacific 90cts. 7¼pcAPfd. 36.25cts. 4pcPf. 2pc. 4pcPf. (Inter.) 2pc
English and Intnl. Tst. 3.5p
First Union Gen. Inv. Tst. 4.5cts.
Finlay (James) Ord Units 3p
Hargreaves 2.36p
McCorquodale 2.64p
Old Swan Hotel (Harrogate) 0.4p
Robertson Foods 4.93p
Rowlinson Constructions 0.425p
Tern-Consulate 2p
The Times Veneer 0.3p
Tunnel 6 6p

TOMORROW

COMPANY MEETINGS—

Barlow's Plantation House, 10-15, Mincing Lane, EC, 12.15
Duraplpe Intnl., Waldorf Hotel, Aldwych, WC, 11.00
Elliott of Peterborough, Great Eastern Hotel, Liverpool Street, EC, 12.15
Hill Samuel, Plaisterer's Hall, London Wall, EC, 12.15
Pawson (W. L.), The Howard Hotel, Temple Place, WC, 11.00
Transparent Paper, The Cafe Royal, Regent Street, W. 12.30

BOARD MEETINGS—

Finals:
Acrow
Belhaven Brewery
Brady Inds.
Manson Finance
Regional Props.

Interims:
Beth and Portland
City Offices
Grindlays Hldgs.
"Investing in Success" Equities
Natl. Westminster Bk.
Vantona

DIVIDEND & INTEREST PAYMENTS—

Bank of Nova Scotia 35cts.
Capital and Counties Property Ord. Units 2p
Dominion and Gen. Tst. 7.4p
Johnson and Firth Brown 1.3p
Northern Goldsmiths 2.4p
Pawson (W. L.) 1.95p
Property and Hldg. Inv. Tst. 1.65p
Rediffusion TV 5.35pcPf. 2.875pc
Russell Bros. (Paddington) 3.625p
Scotcros 3.115p
Sumrie Clothes 1.5p
Tor Inv. Tst. Db. 2¼pc. Do. Db. 2pc. Do. Db. 2¼pc

WEDNESDAY, JULY 30

COMPANY MEETINGS—

Ambrose Inv. Tst., The Institute of Chartered Accountants, Moorgate Place, EC, 12.30
Beecham, Hotel Inter-Continental, 1, Hamilton Place, Hyde Park Corner, W. 12.00
Coalite, Savoy Hotel, The Strand, WC, 12.00
Continental and Ind. Tst., 120, Cheapside, EC, 12.00
Dennis (James H.), Trafford Park Road, Manchester, 11.30
Dunhill (Alfred), Cafe Royal, 68, Regent Street, W. 12.00
Eva Inds., Midland Hotel, Manchester, 11.45
Helma, Dorchester Hotel, Park Lane, W. 12.00
Holden (Arthur), Midland Hotel, New Street, Birmingham, 12.00
Lesney Prods., Tower Hotel, St. Katherines Way, E. 3.00
Lloyd (F. H.), Great Eastern Hotel, Liverpool Street, EC, 12.00
Polly Peck, 37, Queen Street, EC, 11.00
Rediffusion, Institute of Directors, 116, Pall Mall, SW, 12.15
Reed Intnl., The Institute of Electrical Engineers, Savoy Place, WC, 12.00
Sherman (Samuel), 10, Hanover Square, W. 10.45
600 Group, Grosvenor House, Park Lane, W. 11.30

BOARD MEETINGS—

Finals:
Blackman and Conrad
Jarvis (J.)
Stavert Zigomala
Stock Conversion and Inv. Tst.

Interims:
Pratt (F.) Eng.
Prestige
Yeoman Inv. Tst.
Weber Hldgs.
Witter (Thomas)

DIVIDEND & INTEREST PAYMENTS—

African Dev. Bank Fltg. Rate Nts. 1983 US$ 75.63
Ambrose Inv. Tst. Income 4.1p
Dow Chemical 40cts.
Finance for Industry 13pcLn. 1981 8½pc
Harrisons and Crosfield 20.5p
Liverpool 13½pc 1981 6¾pc
Monks Inv. Tst. 1.4p
Winchmore Inv. Tst. (Temp. Susp. 3.05 pm 4-7-80) 2.71p

THURSDAY, JULY 31

COMPANY MEETINGS—

Arbuthnot Latham, 37, Queen Street, EC, 12.30
Assam-Dooars, Sir John Lyon House, 5, High Timber Street, Upper Thames Street, EC, 11.00
British Dredging, Royal Hotel, St. Mary Street, Cardiff, 11.00
Brown (N.), Midland Hotel, Peter Street, Manchester, 2.30
Caffyns, Lecture Hall, Central Library, Eastbourne, 3.00
Chloride, The London Hilton, Park Lane, W. 11.30
Country and New Town Props., 6-11, Agar Street, WC, 12.00
Cropper (James), Burneside Mills, Kendal, Cumbria, 10.30
Klaen-E-Ze, Martins Road, Hanham, Bristol, 2.30
Press (William), The Inn on The Park, Hamilton Place, Park Lane, W. 11.30
Renold, Renold House, Wythenshawe, Manchester, 2.30
Sangers, The Connaught Rooms, Great Queen Street, WC, 12.00
Horsell (Frank), Hawley Park Estate, Morley, Leeds, 11.30

BOARD MEETINGS—

Finals:
Dixons Photographic
Fitch Lovell
Macarthys Pharmaceuticals
Midland Tst.
Ransom Tst.

Interims:
Beaumont Props.
Ford (Martin)
Hirst and Mallinson
Lex Service
River and Mercantile Tst.
River Plate and Gen. Inv. Tst.

DIVIDEND & INTEREST PAYMENTS—

Airflow Streamlines 10pcPf. 2½pc
Allebone Ln. 3½pc
Alliance Property Tst. Db. 4½pc
Alliance Tst. Tst. Db. 2½pc
Allied Polymer Ln. 5pc
Alpine Soft Drinks 5.288p
Assam-Dooars 6p
Assd. Fisheries Ln. 4½pc
Aurora 8pcPf. 4pc. Do. 8.25pcPf. 4.125pc
Austrian 6pcBds. 1979-84 3pc
Banco de Chile Fltg. Rate Nts. 1986 US$ 75.52
Beattie (James) 6pcPf. 3pc
Belgrave (Blackheath) 7pcPf. 4.9pc
Bentalls 5½pcPf. 1.925pc
Bishopsgate Tst. 5pcPf. 1.75pc
Bollington Textile Printers 6pcPf. 2.1pc
Brascan ACmv. 50cts.
Brests Stamping 8pcPf. 4.2pc
British Car Auction 1.25p
British Dredging Ln. 4pc
British Petroleum 8pcPf. 2.8pc. 9pcPf. 3.15pc
British Steam Specialities 3.75pc
British Vending Inds. 0.7p
Brixton Estate Db. 3pc
Brockhouse 2p
Brook St. Bureau of Mayfair 3p
Brown Shipley 7.5p
Caffyns 4.6p
Cap. and Natl. Tst. 5½pcPf. 1.75pc. Do. Db. 2¼pc
Cent. Mfg. and Trdg. Ln. 4pc
City of Buenos Aires Tramways (1904) (in voluntary liquidation) 8.63p
Combd. English Stores 7¾pcPtg.Pf. 2.7125pc
Consd. Bultfontein 5cts.
Cook and Watts 4½pc
Croda Food Ingredients 8pcPf. 2.8pc
Davies and Newman 5.92p
De Beers Consd. Pf. (Reg.) 20pc. Do. Pf. (Br.) 20pc. Do. Pf. 4pc
Decca Ln. 3pc
Derby 13½pcRd. 1982 6¾pc
Dewhirst (I. J.) 9.75pcPf. 4.875pc
Drayton Comml. Inv. 4pcPf. 1.4pc. Do. Dbs. 1¾, 2 2¼ 2½, 2½pc
Dunhill (Alfred) 5.99015p
Dupont Dbs. 2½ 3pc
Electra Inv. Tst. Ord. Units 4p
Elswick-Hopper 0.4325p
English and Scottish Investors Dbs. 2 2½ 3¼pc
Essex Water 3.85pcPf. (fmly. 5½pc) 1.925pc. Do. 4.025pcPf. (fmly 5¾pc) 2.0125pc. Do. 4.2pcPf. (fmly. 6pc) 2.10pc. Do. 2.45pcPf. (fmly. 3½pc) 1.225pc. Do. 315pcPf (fmly. 4½pc) 1980-1982 1.575pc. Do. 3.5pcPf. (fmly. 5pc) 1980-81 1.75pc
Finance and Ind. Tst. 1.5p
Flexello Castors and Wheels 1.41p
Fobel Intnl. Ln. 3pc
Gale Lister Ln. 5pc
Garnar Scotblair Ln. 4½pc
Gillott Bros. Discount 3.5pcPf. 1.225pc
Gomme 5.4pcPf. 2.7pc
Grant (James) (East) 10¾pcPf. 5.375pc
Griqualand West Diamond Mining Dutoitspan Mine 23½cts.
Guildhall Prop. Db. 3⅞pc
Hambros Inv. Tst. 3.71pc. Do. 3¼pc
Hartwells 3.576p
Heinz (H. J.) Dbs. 2¼ 3pc
Holt Lloyd Intnl. 5p
Hopkinsons 5.25pcPf. 2.265pc
House of Fraser 4½pcPf. 1.575pc. Do. 5½pc Pf. 1.925pc. Do. 7½pcPf. 2.625pc. Do. Lns 3 4¼pc
Hudson's Bay 1116p
Hunslet Db. 3¼pc
Intnl. Inv. Tst. Db. 3½pc
Investing in Success Equities Db. 2⅞pc
Jenks and Cattell 3.85pcPf. 1.925pc. Do. 10pcPf. 5pc
Kalamazoo Ln. 4¼pc
Kitchen (Robert) Taylor 3p
Lake and Elliot 6pcPf. 2.1pc
Lewis (John) Props. Dbs. 4½ 5pc
Liberty 6½pcPf. 2.1pc. Do. 8.5pcPf. 4.75pc. Do. Db. 3½pc
Linread Ln. 4pc
London and Lomond Inv. Tst. 5¼pcPf. 1.8375pc. 4¼pcPf. 1.4975pc
M and G High Income Fund Inc. Units 4.36p
Macallan Glenlivet 8¾pcPf. 3.0625pc
Macanie (London) 2.106p
McKechnie Bros. 6pcPf. 2.1pc
Marley 6½pcPf. 2.275pc
Mercantile Inv. Tst. Db. 2¼pc
Morris (B. D.) 5pcPf. 1.75pc
Murray Glendevon Inv. Tst. Db. 5.3pc
Neil and Spencer Ln. 4pc
Osborn (Samuel) Db. 3½pc
Owen Owen 6½pcPf. 2.275pc. Do. Dbs. 3¼ 3½pc. Do. Ln. 3½pc. Do. Ln. 4pc
Parker Knoll Db. 4½pc
Pitman 10pcPf. 5pc
Press (William) Ln. 4pc
Redfearn Natl. Glass 5.28p
Rediffusion 4p
Reed Intnl. Db. 2¾pc
River Plate and Gen. Inv. Tst. Db. 2¼pc
Sala Tilney Pf. 1.75pc
Samuel (H.) 6pcPf. 2.1pc
Schlesinger American Inv. Ptg.Rd.Pf. 4½p
Schlesinger Intnl. Fund (Jersey) Ptg.Rd.Pf. 3.5p
Scottish American Inv. 1.25p
Shanks Do. 3½pc
Smith and Nephew Assd. 5½pcPf. 1.925pc
Smiths Dbs. 3¼ 5½pc. Do. Ln. 3¼pc
Star Great Britain Db. 3pc
Sunderland and South Shields Water 9pc Rd.Pf. 1980 3.0082pc
TI Raleigh Db. 3pc
Talbex Ln. 5¼pc
Tenks Consd. Invs. Rd.Pf. 3.5p
Tarmac Ln. 4¼pc
Tate and Lyle Ord. Units 4p
Throgmorton Secd. Growth Tst. Db. 3⅞pc
Throgmorton Tst. 7¼pcPf. 2.5375pc. Do. Db. £3.557. Do. Db. £3.182
Tiger Oats and Natl. Milling Pf. 2.75pc
Toctal Ln. 3½pc
Transamerica Corpn. 28 cents
Tyzack (W.) and Turner 7½pcPf. 2.625pc.
UDS Ln. 3¼pc
Utd. Guarantee 0.232p
Utd. Spring and Steel 0.946p
Vaux Breweries Dbs. 3¼ 3½pc
Western Dooars Tea 4p
Western Ground Rents Db. 1¾pc
Westland Aircraft 2p
Whites (Timothy) Ln.4pc
Wolseley-Hughes 6pcPf. 2.1pc. Do. Dbs. 3½ 5pc

FRIDAY, AUGUST 1

COMPANY MEETINGS—

BPB, Ferguson House, 15-17, Marylebone Road, NW, 12.00
Derritron, Winchester House, 100, Old Broad Street, EC, 12.00
Electronic Rentals, Fitzalan Suite, The Howard Hotel, Temple Place, Strand, WC, 12.05
Evans of Leeds, Queen's Hotel, City Square, Leeds, 12.15
Jenkins (Robert), Wartley Road, Rotherham, 12.00
Imp. Cont. Gas, Abercorn Rooms, Bishopsgate, EC, 11.30
Tecalemit, Winchester House, 77, London Wall, EC, 12.00
Twinlock, St. Ermins Hotel, Caxton Street, SW, 11.30
Woodhead (Jonas), Parkway Hotel, Otley Road, Leeds, 2.30

BOARD MEETINGS—

Finals:
Cook (William) (Sheffield)
Cray Electronics

Interims:
Kuala Lumpur Kepong
Rights and Issues Inv. Tst.

DIVIDEND & INTEREST PAYMENTS—

Alliance Inv. Db. 3pc
Allied London Props. 10pcPf. 5pc. Db. Ln. 3pc
American Tst. 5pcPf. 1.75pc
Anglo-American Cpn. South Africa Pfd. 3pc
Anglo Transvaal Cons. Inv. Ord. and A 99.49836p. Do. Ptg. Pf. 52.51302p
Aquascutum 7½pcPtg.Pf. 2.625pc
Aronson (A.) 0.52p
Atlantic Assets Tst. 5pcPf. 1.75pc
Attwood Garages 0.837p
BBA 5pcPf. 1.75pc
Birmingham 7¼pcRd. 1980-82 3⅝pc. Do. 9¼pcRd. 1979-81 4⅝pc
Blyvooruitzicht Gold Mining 102.80633p
Border and Southern Stockholders Tst. 5pcPf. 1.75pc
Braby Leslie 3.099p
Braid 5pcPf. 1.75pc
British and Commonwealth Shipping 7p
British Columbia Elec. Perp. Callable (Sr.) Bds. 2½pc. Do. Bds. Ser. AD (Br.) 2¼pc
British Inds. and Gen. Inv. Tst. 5pcPfd. 1.75pc
Brown (Matthew) 1.25p
C.A. Cavendes Sociedad Financiera Fltg. Rate Dep. Shelly due 1986 US$ 39.77
Caledonia Invs. Db. 3pc
Castlefield (Klang) Rubber Ests. 1.7p
Citicorp 35½cts.
City Investing 37½cts. Do. BPf. 50cts.
City of Aberdeen Land Assn. 4pcPf. 1.4pc
Colonial Secs. Tst. 5pcPf. 1.75pc
Comet Radiovision Services 1.36167p
Consd. Ln. 3pc 2pc
Consd. Murchison 15.58306p
Continental and Ind. Tst. 7.5p
Continental Illinois 40cts.
Dalgety 4.85pcPf. 2.429pc
Danell Brews. Db. 2¼pc
De La Rue 13.2p
Debenhams 6½pcPf. 2.275pc. Do. 7pcPf. 2.45pc
Dennis (James H.) 1.8p
Drayton Consd. Tst. Db. 2½pc
Dudley 9½pcRd. 1979-81 4¾pc
Dundonian 2p
Dunlop Textiles 6½pcPf. 2.275pc
Durban Roodepoort Deep 88.91358p
East Rand Proprietary 97.24923p
Eastern Transvaal Cons. Mines 60.69455p
Edinburgh American Assets Tst. 4½pcPf. 1.575pc
Elec. and Gen. Inv. Db. 3½pc
Electronic Rentals 3.143p
Energy Services and Elecs. 0.375p
Estates and Agency 1p
First Scottish American Trust 3½pcPf. 1.75pc. Do. Ln. 2½pc
Folkestone and District Water 7pc (fmly. 10pc) max. Ord. 3.5pc. Do. 4.9pc (fmly. 7pc) max. new Ord. 2.45pc. Do. 4.9pc (fmly. 7pc) max. Ord. (1953 issue) 2.45pc. Do. 3.5pc (fmly. 5pc) max. Ord. 1.75pc
Foreign and Colonial Inv. Tst. Dbs. 2½ 3½pc
Grant Bros. 7½pcPf. 2.625pc
Great Ouse Water 5¾pcRd. 1986-88 2⅞pc
Greek 6pc Stab Refugee Stlg. Bds. 1928 3pc
Hartebeestfontein Gold Mng. 400.757293p
Hawker Siddeley 5½pcPf. 1.925pc
Hepworth (J.) 5pcPf. 2.1pc. 7pcPf. 2.45pc. 10pcPf. 3.5pc
Hertfordshire 6¾pcRd. 1985-87 3⅜pc
Holden (Arthur) 3p
Hongkong Tin Units 10p
Imp. Chem. Inds. 5pcPf. 1.75pc. Do. Ln. 2½pc
Ind. and Gen. Tst. Db. 2¼pc
Intnl. Inv. Tst. Db. 2½pc
Jamaica Public Service Db. 3½ (series J) pc
Killinghall (Rubber) Dev. Syndicate 4p
Laird Db. 3½pc
Law Deb. Cpn. 5½pcPf. 1.925pc
Lewis (John) 5pcPf. 1.75pc. 7pcPf. 2.45pc
Lewis (John) Props. Db. 2pc
Lincoln 13pcRd. 1980 6½pc
Manchester 1891 3pcRd. 1½pc
Mercantile Inv. Tst. 5pcPf. 1.75pc
Merchants Tst. 4½pc 1.575pc
Met. Water New River 3pcDb. 1½pc
Middle Witwatersrand (Western Areas) 24.874591p
Newcastle and Gateshead Water Dbs. 2 2½ (cons.) 2½ (1980,91) 3 4 5 6½pc
North East Lincolnshire Water Brd. 6½pcRd. 1982-83 3¼pc
Outwich Inv. Tst. 5pcPf. 1.75pc. Do. 6pcPf. 2.1pc. 7¾pcPf. 2.7125pc. Do. Dbs. 2¼ 2¼ 3¼pc
Pentland Inv. Tst. 1.5p
Quebec Cent. Railway Db. 2pc
Rosn Consd. Mines B Ord. R0.25
Sakers Finance and Inv. 12.75cts.
Sangers 7½pcPf. 2.625pc. Do. 5½pcPf. 1.925pc
Scottish Agric. Secs. 14pcDb. 1993 7pc
Shanks Db. 5½pc
Shaw (Francis) 1.317p
Shell Transport and Trading 7pcPf. 2.45pc
Sidroy 7½pcPf. 2.625pc
600 Grp. Ord. Units 2.81p
Slough Ests. 4pcPf. 1.4pc. Do. Dbs. 2½ 3¼ 3½pc
Sparrow Hardwick 7pcPf. 2.45pc
Standard Tst. Db. 2½pc
Sterling Tst. 3p
Sutton District Water 7pc (fmly. 10pc) Ord. 3.5pc Do. 4.9pc (fmly. 7pc) Ord. 2.45pc. Do. 3.15pc (fmly. 4.5pc) Pf. 1.575pc. Do. 3.85pc (fmly. 5.5pc) Rd.Pf. 1981-83 1.925pc
Tecalemit Ord. Units 1.5625p
Temple Bar Inv. Tst. 7pcPf. 2.45pc
Tesco Stores 1.45p
Transparent Paper 3.7933p
UDS Ord. 3.61p
Union Intnl. 10pcPf. 3.5pc
Utd. Gas Inds. 10pcPf. 3.5pc
U.S. Deb. Cpn. 3.85pcPf. 1.925pc. Do. Dbs. 2 2½ (2nd) 2½ (3rd) pc
Uruguay 3½pcAssd.Bds. 1¾pc
Westpool Inv. Dbs. 2½ 2½pc
Whitbread 4½pcPf. 1.575pc. Do. Dbs. 1½ 3½pc
Whitbread Inv. Db. 3¼pc
Whiteley (B. S. and W.) Db. 3pc
Witan Inv. 2.7pcPf. 1.35pc. Do. Db. 2¼pc
Young's Brewery 4.2pcPf. 2.1pc. Do. 9pc Pf. 4.5pc
Zandpan Gold Mining 67.990548p

British Gas offers fire safety check

A SPECIAL four-point safety check on gas fires (costing £4) is offered until September 30 by British Gas. The local Gas Region will:

- check for leaks,
- check that the burner is working correctly,
- advise necessary repairs,
- check that the flue, or chimney, is clear, and clean soot or debris. Additional fire checks cost £3.60.

The week's business in Parliament

TODAY

COMMONS — Motions on social security orders on benefits uprating, family income supplements, child benefit up-rating, pensioners lump sum payments, married women and widows' special provisions and supplementary benefit (resources) and (requirement) regulations. Motions on supplementary benefit (single payment) regulations, the (aggregation) regulations, the (deductions and payments to third parties) regulations and on the (transitional) regulations. Consideration of Lords amendments to the Employment Bill.

LORDS — Health Service Bill, report. Deer Bill, committee stage.

SELECT COMMITTEE — Treasury and civil service. Subject: Monetary policy. Witness: Sir Geoffrey Howe, Chancellor of the Exchequer. (room 15, 4.30 pm).

TOMORROW

COMMONS — Debate on Opposition motion of no confidence. Motions on notification of accidents and dangerous occurences regulations and industrial tribunals (rules of procedure) regulations.

LORDS—Tenants Rights (Scotland) Bill, report stage. Motions to approve cinematograph films (collection of levy) (amendment No. 8) regulations 1980. Cinematograph films (distribution of levy) (amendment No. 2) regulations 1980.

SELECT COMMITTEES — Treasury and civil service. Subject: monetary policy. Witness: Prof. J. Tobin, Yale University. (room 15, 10.45 am). Public accounts. Subject: The green paper on the role of the comptroller and auditor general. Witnesses: Mr. Michael English, MP; Sir Douglas Henley, comptroller and auditor general. (room 16, 4 pm).

WEDNESDAY

COMMONS — Until 7 pm. Debate on Liberal motion on the plight of small businesses. Debate on Opposition motion on effect of Government policies on the textiles and clothing industries. Motion on the education (assisted places) regulations. Remaining stages of the Law Reform (miscellaneous provisions) (Scotland) Bill. Motion on the International Monetary Fund (increase of subscription) order.

LORDS — Housing Bill, third reading. Motions to approve companies (directors' report) (employment of disabled persons) regulations 1980.

SELECT COMMITTEES—Home affairs. Subject: Home Office reports. Witnesses: Home Office. (10.45 am room 15). Energy. Subject: The Government's statement on the new nuclear power programme. Witness, Mr. David Howell, Energy Secretary, (room 8, 11 am). Transport. Subject: The Roads white paper. Witnesses: Council for the Protection of Rural England. National Council for Inland Transport. (room 17, 11 am).

THURSDAY

COMMONS—Debate on development in the EEC January-December 1979.

FRIDAY

COMMONS—Debate on the prison system and on the report of the May Committee.

LORDS — Health Services Bill, third reading.

INSURANCE

Why house policies are still good value

BY OUR INSURANCE CORRESPONDENT

LAST WEEK'S news that the House Rebuilding Cost Index had risen by 10.6 per cent in the second quarter of this year, and by 22.6 per cent in the full 12 months to the end of June emphasises how right insurers have been to introduce index linked sums insured for home buildings insurances.

Given that widespread under-insurance — the failure of many policyholders to insure for the current cost of reconstruction — was a substantial cause of underwriting loss on the domestic front in the late 1970s, can it be doubted that the under-insurance problem would have become even now more exacerbated but for indexation of sums insured and of the premiums they attract?

The House Rebuilding Cost Index is produced for the British Insurance Association by the Building Cost Information Service of the Royal Institution of Chartered Surveyors. The index was first set up in the summer of 1978, so building costs at that time provide the base of 100.

In the two years to the end of June 1980, the index had risen to 144.6 per cent. Translating percentages into sums insured, suppose that in July 1978 a suburban three bedroom house had been adequately insured for rebuilding cost of £25,000: by the end of June 1979 this sum would have increased by indexation to £29,500, and by the end of June 1980 to £36,150.

Since premiums are charged as a percentage of sums insured, premiums on index linked policies have risen at least in similar proportion over the two years. But many policyholders are having to bear an extra increase, because most insurers have also been raising their normal rates for houses of standard construction from 12½p to 15p per cent, to cover the claims cost of the wider cover now provided under modern policies. So the premium on a 1978 £25,000 house will have moved from £31.25, not to £45.18, but to £54.22.

About 42 per cent of the last year's movement in the index was recorded in the March-June quarter of this year: this stems from the building operatives' wage award agreed in the period. The award caused a jump of 16 per cent in the labour element of the index, while the cost of materials caused a rise of 5 per cent.

That's depressing. But the BCIS and BIA sound notes of cautious optimism — they say that the outlook for the next three months is quite promising, with labour costs likely to rise by only 0.5 per cent and prices of materials, it is hoped, rising at or below the 5 per cent of last quarter. And in the longer term, the forecast is of the order of 15 per cent for the coming twelve months — but once again, a great deal will depend on the size of the builders' wage settlement to be agreed next spring.

Even so, another 15 per cent is daunting enough: it will raise the sum insured on our 1978 £25,000 house to close on £40,600 and the relevant premium to £60.85, almost double what it was just three years previously.

But what we are talking about are, for the most part, inflationery increases, not increases in real cost: and many policyholders will have enjoyed, in the last 12 months, wage or salary increases greater than did the builders.

For most of us the cost of insuring our homes, expressed as a percentage of income, has in real terms risen in the last two decades only by the 2½p per cent increase in rate that insurers are now applying. The home buildings package still remains the best insurance buy in Western Europe — nowhere else can one get equivalent cover for anything like the same premium.

Rank Xerox to back LSE business course

RANK XEROX is to sponsor scholarships at the London School of Economics and Political Science for the new diploma course in business studies initiated by LSE.

The four courses mark a new venture intended primarily for graduates with first degrees in subjects other than business studies and for men and women holding approved professional qualifications.

The courses are designed to cover one academic year full-time or two years for part-time students. They begin in September 1980 for the coming session and will comprise three papers chosen from a wide variety of subjects including economic principles, industrial relations, accounting, finance, and economic history. They are linked to seminars on business policy, financial management and the impact of business on public policies.

CORAL INDEX: Close 487-492 (unchanged)

National Steel hit in second quarter

By Ian Hargreaves in New York

NATIONAL STEEL, the fourth largest steelmaker in the U.S., saw its profits almost wiped out in the second quarter, but was spared from greater difficulties by the strong performance of its aluminium interests.

For the quarter, National had net income of $3.3m compared with $45.2m a year ago. Sales from $1.1bn to $855m.

The company still showed strong earnings growth in the half year, however, because of income from the sale of coal properties in the first quarter. Profits increased 67 per cent to $2.2bn to $20n in the six months.

With raw steel production in the second quarter 38 per cent below the year ago level and only half the company's blast furnaces currently operating, Mr. Howard Love, the chairman, sees little prospect of improvement in the third quarter.

Like other steelmakers, he also called for relief from Government pollution regulations and better conditions for maintaining capital investment at a time when steel imports continue to take about one-fifth of the U.S. market.

National's operating rate at its steel mills is now at an almost historically low point of under 50 per cent and the company has been forced to cut capital spending from $340m to $250m for this year.

Aluminium profits, however, have continued to improve in the light of strong demand from the aerospace industry. National's recently acquired Californian finance company, United Financial Corporation, also contributed to profits.

Sharp earnings setback for McDonnell Douglas

BY OUR FINANCIAL STAFF

A SHARP decline in profits and the announcement of a $300m standby bank credit are the main features of a poor set of second quarter results from McDonnell Douglas, the U.S. maker of civil and military aircraft.

Net earnings for the June quarter are 17 per cent lower at $43.7m, and the setback extends to a full 47 per cent — to $28.2m — if exceptional gains amounting to $15.5m and arising from property transactions are excluded.

The company expects that earnings for the rest of 1980 will "continue to trail those of 1979." Partly as a result of this weakening profits trend, McDonnell has made arrangements for some $300m of open lines of credit to be made available to cover what it describes as possible near term cash requirements.

The profits setback in the June quarter arose largely from continued high development and production costs associated with the DC-9 Super 80 series of civil aircraft. Cash-flow problems here have been compounded by reduced investment income and additional development costs on the KC-10 tanker cargo series.

In 1979 McDonnell's net income rose by 23 per cent to $199m largely as a result of earnings on military aircraft manufacture. Profits on space systems and missiles were broadly counter-balanced by losses on commercial aircraft.

Sales last year rose from $4.1bn to $5.3bn. Having been marginally ahead at $1.44bn in the opening three months of 1980, McDonnell's turnover in the second quarter moved up to $1.0bn, against $1.3bn.

McDonnell says its firm backlog of orders at the end of the first half was a record $8.8bn compared with $6.4bn at June, 1979. The backlog is made up of 37 per cent in commercial and 63 per cent government business. Total backlog is a record $14.1bn compared with $10.3bn.

TDK maintains sales surge

BY YOKO SHIBATA IN TOKYO

TDK ELECTRONICS, the world's largest magnetic tape maker, continues to report buoyant consolidated earnings, mostly as a result of doubled sales of VTR tapes and improvement of export profitability in the half-year ended May 1980.

Consolidated sales reached an all-time high of Y100.9bn ($450m) up 46 per cent over a year ago. Net profits surged by 51 per cent to Y10.5bn and per share profits were Y209.15 compared with Y138.50.

Magnetic recording tapes, the most profitable devision of the company, increased sales 56.8 per cent to account for 46.8 per cent of the total turnover. Sales of VTR tapes doubled to account for 21 per cent of the total turnover, following sharp market penetration of VTRs.

The company's monthly production of TDK brand VTR tapes increased to 1.7m units from 500,000 units a year ago, with current world VTR market share of 50 per cent. If sales of non-branded tapes are included TDK claims a 70 per cent market share.

On the ground of strong sales in perspective, the company is planning to bring up production capacity of VTR tapes to 2m a month by the end of this fiscal year.

Because of favourable sales of chip capacitors, reflecting an increasing trend to miniaturisation of ceramic capacitors, sales of the ceramic components division jumped by 48.5 per cent to account for 12.4 per cent of turnover. Helped by the recovery of demand from consumed electronics industry for the company's electronic components, sales of ferrite cores and magnets increased by 32.3 per cent to account for 25.3 per cent of the total.

Overseas sales grew by 82.1 per cent, helped by the yen's depreciation.

Sunshine Mining dips into losses

BY CARLA RAPOPORT IN NEW YORK

HIT BY THE collapse in silver prices and a miners' strike, the Dallas-based Sunshine Mining Company has dropped into the red with a second quarter loss of $1.89m.

For the first six months net income from continuing operations was $872,000, against $1.3m, in the first half of 1979. Sales dropped back to $7.6m from $9.48m.

Sobered by the fall in the price of silver, the company had to substantially cut back the volume of its silver-backed bonds issues which it put on the market in the early part of April this year. The first such issue in the U.S. the bonds sold out within a day, but their subsequent volume has been substantially reduced as the collapse of the silver market has increased the volume of silver Sunshine needs in order to provide security for the bonds.

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
*AAH	Aug. 4	Final 3.975	IMI	Aug. 28	Int. 1.9
*Aaronson Bros.	Aug. 8	Int. 1.2	*Inchcape	July 28	Final 10.0
*Acrow	July 29	Final 1.5	Johnson Gp. Cleaners	Aug. 22	Int. 1.8
Assoc. Dairies	Aug. 29	Final 4.3	Ladbroke	Aug. 29	Int. 5.7
Ault and Wiborg	Aug. 8	Int. 0.76	*Letraset Intl.	Aug. 12	Sec. int. 5.503
Automotive Products	Aug. 9	Int. 1.5	*Lex Service	July 31	Int. 2.8
BBA	Aug. 30	Int. 0.84	London Brick	Aug. 22	Int. 1.734
*Bank Leumi (UK)	July 28	Int. 2.8	*NatWest	July 29	Int. 7.25
Barclays Bk.	July 26	Int. 8.25	*Nottingham Mnf.	Aug. 11	Int. 1.0
*Bath and Portland	July 29	Int. 1.8	Nurdin and Peacock	Aug. 29	Int. 1.5
*Bibby (J.)	Aug. 6	Int. 6.0§	Ocean Trans.	Aug. 21	Int. 4.085
Blue Circle	Aug. 30	Int. 3.8	*Rentokil	Aug. 5	Int. 0.85
British Aluminium	Aug. 15	Int. 5.5	*Royal Insce.	Aug. 18	Int. 8.25
Carrington Viyella	Aug. 15	Int. 0.7	Securicor	Aug. 8	Int. 0.8
*City Offices	July 29	Int. 1.3	Security Services	Aug. 8	Int. 1.375
*Commercial Union	Aug. 12	Int. 4.0	Shell Trans.	Aug. 1	Int. due
Coreb	Aug. 16	Int. 1.25	Sime Darby	Aug. 27	Final 10 cents
De Beers	Aug. 21	Int. 20c	Slough Estates	Aug. 28	Int. 0.9
*Dixons Photo	July 31	Final 2.795	Smith Bros.	Aug. 7	Final 0.1
Estate Prop. Investment	Aug. 9	Final 2.75	Smith and Nephew	Aug. 14	Int. 1.25
Fairclough Constr.	Aug. 28	Int. 1.65	*Stock Conversion	July 30	Final 3.75
*Fitch Lovell	July 31	Final 3.368	Taylor Woodrow	July 31	Int. 3.15
General Accident	Aug. 15	Int. 5.5	*Transport Dev.	Aug. 11	Int. 1.45
Glynwed	Aug. 8	Int. 2.45	Tricentrol	Aug. 2	Int. 2.8
Gold Fields SA	Aug. 17	Final 155c	*Tube Invs.	Aug. 6	12.5
*Grindlays	July 29	Int. 1.002	UDT	Aug. 8	Final due
Hoffnung (S.)	Aug. 22	Final 3.007	Union Corpn.	Aug. 28	Int. 19 cents
HK & Shanghai Bk.	Aug. 21	Int. HK$0.24	*Vantona	July 29	Int. 3.0
*Hoover	Aug. 6	Int. 5.61	Wagon Finance	Aug. 31	Int. 0.625
House of Fraser	Aug. 23	Int. 2.0	*Ward and Goldstone	July 28	Final 4.082
ICI	Aug. 23	Int. 12.0	Woolworth (F. W.)	Aug. 15	Int. 1.347

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Public Works Loan Board rates

Effective from July 26

Years	Quota loans repaid by EIP†	Quota loans A‡	Quota loans at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* A‡	Non-quota loans A* at maturity§
Up to 5	12⅝	12⅞	12⅞	13⅝	13⅞	13⅞
Over 5, up to 10	12⅝	12¾	12⅞	13⅝	13¾	13⅞
Over 10, up to 15	12⅝	12¾	12⅞	13⅝	13¾	13⅞
Over 15, up to 25	12¾	12¾	12¾	13¾	13¾	13¾
Over 25	12¾	12¾	12¾	13¾	13¾	13¾

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payment of interest only.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 6555)	13½	½-year	1,000	1
Redbridge (01-478 3020)	13	½-year	200	3/4
Redbridge (01-478 3020)	13½	½-year	200	5/6

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	17 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	17 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%. 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

U.S. $20,000,000

Kay Capital N.V.

Guaranteed Floating Rate Notes Due 1985

Kay Corporation

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period from 28th July, 1980 to 27th October, 1980, has been fixed at 10⅛% per annum. On 28th October, 1980, interest of U.S. $258·75 per Note will be due against coupon No. 5.

J. Henry Schroder Wagg & Co. Limited
Reference Agent

BANQUE DE L'INDOCHINE ET DE SUEZ
US$40,000,000 Floating Rate Notes 1978-1985

For the six months
25th July 1980 to 26th January 1981
will carry an interest rate of 9¾% per annum and
Coupon Amount of US$50.10.
Listed on the Luxembourg Stock Exchange
By: Bankers Trust Company, London
Reference Agent

CURRENCIES, MONEY and GOLD

Much talk but little action

BY COLIN MILLHAM

There was much talk, but not a great deal of action in foreign exchange and money markets last week. Most of the speculation centred around expected cuts in central bank interest rates, all of which have so far failed to materialise. Rumours tended to grow as U.S. rates declined, and last week the Federal Reserve appeared to be actively encouraging lower rates when it intervened to add liquidity and push down the Federal funds rate. When this was followed by further cuts in commercial bank prime lending rates the dollar suffered against other major currencies, with the exception of the Japanese yen.

Despite comments by central bank governors in Japan and Germany underlining the need for tight monetary policy the yen and D-mark were both depressed by market expectations of reductions in their respective discount rates. With no moves last week, opinion sems to centre on late August or September as the likeliest time for cuts. The yen was also undermined by Qatar's decision to raise the price of its crude oil, and towards the end of the week slumped to a two-month low against the dollar.

Unchanged interest rates from the Bundesbank and Bank of England brought very different responses from the market. Germany's swing into balance of payments deficit has left the D-mark near the bottom of the European Monetary System, and last week's news of unchanged credit policies at the last Bundesbank council meeting before the summer recess did little to change the situation.

On the other hand the announcement from London that Minimum Lending Rate had been left at 16 per cent, pushed sterling close to $2.40, a level which has rarely been exceeded since the Wilson Government devalued from $2.80 to $2.40 nearly 13 years ago.

The only significant moves in Europe last week were a fall in Paris call money to a five-month low, while the French franc remained at the top of the EMS, and another small cut in Belgian Treasury bill rates. Any more important reductions may well await further decisions by the Bundesbank council, which will not meet again until the end of next month.

GOLD

	July 25		July 24	
Gold Bullion (fine ounce)				
Close	$649-652	(£271.5-272.75)	$640-643	(£268.95-269.2)
Opening	$647-650	(£270-271.05)	$631-634	(£264.9-265.2)
Morning fixing	$652.50	(£272.227)	$635.50	(£266.714)
Afternoon fixing	$651.75	(£272.186)	$645	(£268.051)
Gold Coins				
Krugerrand	$660-678	(£279½-281½)	$661-663	(£275½-277½)
Mapleleaf	$663-667	(£278½-279½)	$654-659	(£273½-274½)
New Sovereigns	$165½-166½	(£69-70)	$162¼-163¼	(£67½-68½)
King Sovs	$190-192	(£79-81)	$186-188	(£75½-79½)
Victoria Sovs	$190-192	(£79-81)	$186-188	(£75½-79½)
French 20s	$169-173		$167-170	
50 pesos Mexico	$801-806		$786-794	
100 Cor. Austria	$640-645		$625-635	
$20 Eagles	$765-768		$755-757	
$10 Eagles	—		—	
$ 5 Eagles	—		—	

OTHER CURRENCIES

July 25	£	$		£ Note Rates
Argentina Peso	4511-4531	1875-1882	Austria	28.30-28.60
Australia Dollar	2.0590-2.0630	0.8625-0.8630	Belgium	66.45-67.05
Brazil Cruzeiro	128.93-107.93	53.11-53.31	Denmark	12.80-12.00
Finland Markka	8.50½-8.51½	3.5940-3.5950	France	9.60-9.66
Greek Drachma	101.648-104.666	48.55-49.80	Germany	4.14-4.17
Hong Kong Dollar	11.78-11.80	4.0075-4.9205	Italy	1930-2025
Iran Rial	n a	n a	Japan	538-543
Kuwait Dinar(KD)	0.638-0.642	0.2666-0.2667	Netherlands	4.52½-4.55½
Luxembourg Frc.	66.40-66.50	27.77-27.79	Norway	11.44-11.54
Malaysia Dollar	5.1160-5.1260	2.1400-2.1420	Portugal	112-116
New Zealand Dlr.	2.4220-2.4270	1.0145-1.0165	Spain	164¼-171
Saudi Arab. Riyal	7.90-7.98	3.3190-3.3210	Sweden	9.78-9.88
Singapore Dollar	5.0475-5.0675	2.1116-2.1155	Switzerland	3.81-3.84
Sth. African Rand	1.8195-1.8200	0.7605-0.7610	United States	2.389-2.399
U.A.E. Dirham	8.80-8.86	3.6880-3.6910	Yugoslavia	63¼-68

Rate given for Argentina is free rate.

THE DOLLAR SPOT AND FORWARD

July 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3875-2.3980	2.3910-2.3920	1.45-1.35c pm	7.02	3.77-3.67 pm	6.22
Ireland†	2.1590-2.1635	2.1590-2.1610	1.40-1.30c pm	7.50	3.90-3.80 pm	7.13
Canada	1.1534-1.1572	1.1538-1.1541	0.13-0.16c dis	−1.51	0.40-0.44dis	−1.45
Nethlnd.	1.8975-1.8995	1.8985-1.8995	0.05-0.15c dis	−0.63	0.35-0.45dis	−0.84
Belgium	27.75-27.79	27.77-27.79	8½-10c dis	−3.99	25½-28 dis	−3.85
Denmark	5.3745-5.3765	5.3750-5.3765	3½-4ore dis	−8.37	11¾-12¼ dis	−8.93
W. Ger.	1.7335-1.7400	1.7385-1.7395	0.07-0.04pf pm	0.38	0.13-0.09 pm	0.25
Portugal	48.67-48.80	48.70-48.80	25-40c dis	−8.00	80-110 dis	−5.97
Spain	70.72-70.87	70.82-70.97	70-95c dis	−13.97	230-260dis	−13.83
Italy	825.10-825.90	825.40-825.90	9½-11lire dis	−14.90	32-34 dis	−15.39
Norway	4.7965-4.8005	4.7995-4.8005	0.35ore pm-0.15dis	0.25	0.60-1.10dis	−0.71
France	4.0300-4.0375	4.0350-4.0365	0.65-0.75c dis	−2.08	2.57-2.72dis	−2.62
Sweden	4.1045-4.1095	4.1075-4.1095	1.20-1.40ore dis	−3.80	4.80-5.00dis	−4.77
Japan	224.20-225.80	225.20-225.30	0.80-0.95y dis	−4.66	2.15-2.30dis	−3.96
Austria	12.30½-12.32¼	12.31¼-12.32¼	1.30-1.90gro dis	−1.56	5.75-7.50dis	−2.15
Switz.	1.5910-1.6000	1.5975-1.5986	0.63-0.58c pm	4.54	1.57-1.52 pm	3.87

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

July 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3875-2.3960	2.3910-2.3920	1.45-1.35c pm	7.02	3.77-3.67 pm	6.22
Canada	2.7600-2.7710	2.7650-2.7660	1.60-1.50c pm	2.75	3.45-3.35 pm	4.92
Nethlnd.	4.53½-4.56½	4.54¾-4.55¾	3-2c pm	9.60	6⅞-5⅞ pm	5.61
Belgium	66.35-66.60	66.40-66.50	17-7c pm	2.17	34-24 pm	1.74
Denmark	12.85-12.89	12.85½-12.86½	1-2⅝ore dis	−1.69	8¾-10 dis	−2.86
Ireland	1.1050-1.1095	1.1055-1.1065	0.07-0.03p pm	0.54	0.27-0.22 pm	0.89
W. Ger.	4.14½-4.17½	4.15½-4.16½	3¼-2¼pf pm	7.57	7⅛-6⅛ pm	6.37
Portugal	118.10-119.90	119.25-119.45	10c pm-35 dis	−1.29	35 pm-90dis	−0.94
Spain	169.15-169.85	169.20-169.30	80-135c dis	−7.62	290-370 dis	−7.80
Italy	1,973-1,979	1,974¾-1,975¼	12-15lire dis	−8.20	43-47 dis	−0.11
Norway	11.47-11.50	11.47½-11.48½	7½-5½ore pm	7.19	16½-14½ pm	5.44
France	9.63½-9.67½	9.64½-9.65½	4¼-3¼c pm	4.68	9-8 pm	3.52
Sweden	9.81-9.85	9.82-9.83	2¾-1¾ore pm	2.67	3¾-2¾ pm	1.19
Japan	536-541	538½-539½	1.15-0.75y pm	2.11	3.15-2.75 pm	2.19
Austria	29.45-29.55	29.50-29.55	14-11gro pm	5.08	32-26 pm	3.83
Switz.	3.81-3.84	3.82-3.83	4-3c pm	10.98	10¼-9¼ pm	10.06

Belgian rate is for convertible francs. Financial franc 66.80-66.90. Six-month forward dollar 5.37-5.27c pm. 12-month 7.35-7.25c pm.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 25)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 1/16	offer 9 3/16	bid 8 3/8	offer 8 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17-17¼	9½-8¾	9½-10½	10-10¼	1-1¼	9⅛-9¼	11⅝-11⅞	17-20	3⅛-3⅞	15¼-13¾
7 days' notice	16⅞-17⅛	8⅝-8⅞	9½-10½	10-10¼	5½-6	8⅛-8¼	11⅝-11⅞	24-27	8⅝-8¾	17⅛-18
Month	17½-17¾	8½-8¾	10⅜-10⅝	9⅞-10⅛	4⅞-5	8⅛-9¼	11⅝-11⅞	24-25½	9⅛-9¾	14-14¼
Three months	15⅜-15⅝	9-9¼	10½-10¾	9¾-10	6⅛-5⅞	8½-8⅞	11⅝-11⅞	24-26	8⅛-8⅞	13¼-13⅜
Six months	14⅛-14⅜	8¼-8½	10½-10¾	9¾-10	5⅛-5⅜	8⅛-8⅞	11⅝-11⅞	23¼-24¼	9⅜-8½	11¾-12
One Year	15⅛-13⅜	9⅞-9⅞	10½-10¾	9¾-10	4⅞-5	8⅛-8⅛	11⅞-12⅛	21¼-22¼	9⅞-9⅞	10-10¼

Long-term Eurodollar two years 10½-10¾ per cent; three years 10⅝-10⅞ per cent; four years 10¾-11 per cent; five years 10⅞-11⅛ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.75-8.60 per cent; three-months 8.75-8.85 per cent; six-months 8.75-8.85 per cent; one year 9.05-9.15 per cent.

LONDON MONEY RATES

July 25 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	17-30	—	—	—	—	15¼-16	—	—	—
2 days notice	—	—	16¾-30	—	—	—	—	—	—	—
7 days or 7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible]

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.4383 per cent.

CURRENCY RATES

July 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	[illegible]	[illegible]
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Belgian F.	[illegible]	[illegible]	[illegible]
Danish K.	[illegible]	[illegible]	[illegible]
D'mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn. Kr.	[illegible]	[illegible]	[illegible]
Spanish Pta.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

[illegible]

FT UNIT TRUST INFORMATION SERVICE

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (b)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd. (a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co. Ltd.(a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Britannia Trust Management (a) (c) (g)

Schlesinger Trust Mngrs. Ltd. (a)(z)

The British Life Office Ltd.(a)

Brown Shipley & Co. Ltd.(a)(g)

Canada Life Unit Trst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.(a)(c)

Carr, Sebag Unit Trust Managers(a)

Charities Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.(a)(g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.(a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Trust

M & G Group (y)(c)(z)

MagnaLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd.(a)(g)

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.(a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.(a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.(a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Sebag Unit Trust Managers Ltd.

J. Henry Schroder Wagg & Co. Ltd.(a)(c)

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.(a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. (c) (y)

TSB Unit Trusts (y)

Tyndall Managers Ltd.(a)(b)(c)

Ulster Bank(a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Standard Life Assurance Company

Standa Life Assurance Co. Ltd.

Sun Alliance Fund Mangt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

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Bishopsgate Progressive—Ldn. Agents

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Britannia Tst. Mngmt. (C.I.) Ltd.

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Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Crossmount Bank & Inv. Mngrs. (Gsy)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Management & Research

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Gartmore Invest. Ltd. Ldn. Agts.

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22.JM	22.D	Treasury 11¾pc '03-07	94¼	15.6	12.42	12.45
26S	26Mar	Treas. 13½pc '04-08	108¼	—	12.77	12.73
10Mar	10S	Treasury 5½pc '08-12‡‡	52⅞	4.3	10.55	11.16
26Jul	26Ja	Treasury 7¾pc '12-15‡‡	68	19.6	11.40	11.52
12 Jun.	12D	Exch. 12pc '13-'17	100	6.5	12.18	12.18

Undated

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1F.	1Aug	Consols 4pc	33⅝xd	25.6	11.88	—
1Jun	1D	War Loan 3½pc‡‡	33⅝	25.4	10.58	—
1Ap	1O	Conv. 3½pc '61 Aft.	37⅛	25.2	9.72	—
5Ap	5Oct	Treasury 3pc 66 Aft.	25¾	3.3	12.09	—
5Ja.A.J.D.		Consols 2½pc	22⅛	2.6	11.25	—
1Ap	1Oct	Treasury 2½pc	21⅞	25.2	11.87	—

INTERNATIONAL BANK

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15F	15A	5pc Stock '77-82	87	18.1	5.75	12.30

CORPORATION LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
30A	31O	Bath 11¼pc 1985	97¼	31.3	11.88	12.63
1J	1D	Birm'ham 12½pc 1985	98½	1.5	12.69	12.89
1M	1S	Bristol 13¾pc 1981	99½	15.2	13.82	14.46
1J	1D	Burnley 13pc 1987	101¾	1.5	13.04	13.00
24A	24O	Cardiff 11pc 1986	95¼	24.3	11.88	12.74
25M	25N	G.L.C. 12½pc '82	98¼	25.4	12.72	13.57
10F	10A	Do. 12½pc 1983	98¼xd	10.7	12.80	13.48
15M	11N	Glasgow 9¼pc '80-82	91¾	21.4	10.08	13.51
1F	1A	Herts 6½pc 1985-87	75½xd	1.7	8.92	11.95
15M	15N	Liverpool 9½pc '80-84	90¼	15.4	10.80	13.05
1Ja.A.J.O.		Do. 3½pc Irred.	26¼	2.6	13.40	—
15MA	15N	Lon. Corp. 13¼pc '83	100	15.4	13.23	13.21
1A.	1O	Do. 9¼pc '84-85	94	3.3	10.15	11.54
15J	15J	L.C.C. 5½pc '82-84	80¼	16.6	6.85	11.85
11J	11D	Do. 5½pc '85-87	70¼	12.5	7.89	12.12
10Ja	10J	Do 6¾pc '88-90	69¼	10.6	9.78	12.19
1M.J.S.D.		Do. 3pc '20 Aft.	23¼	1.5	13.35	—
10M	10S	Newcastle 9¼pc '78-80	98⅞	8.3	9.36	16.80
15J	15D	Sunderland 12¼pc 1984	97½	15.5	12.56	12.98

COMMONWEALTH AND AFRICAN LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1A	1O	Aust. 5½pc '81-82	91	29.2	6.16	12.70
1J	1D	Do. 6pc 1981-83	85	30.4	7.14	11.84
1Ja	1J	N.Z. 7¼pc 1988-92	67	2.6	10.88	12.76
15J	15D	Do. 7½pc '83-86	81½	15.5	9.29	12.15
1M	1N	Sth. Africa 9½pc '79-81	96¾	27.3	10.02	13.91
1A	1O	Sth. Rhod. 2½pc '65-70	153#	3.66	—	—
15Ja	15J	Do. 6pc '78-81	167#	12.65	—	—

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	63½	2.6	7.91	11.75
30J	31D	Alcan 10½pc '89-94	83	2.6	13.93	14.75
1M	1S	Met. Wtr. 3pc 'B'	29¾	1.2	10.50	12.59
30J	31D	U.S.M.C. 9pc 1982	99	16.6	9.23	—
30J	31D	Do. without Warrants	92	16.6	9.96	12.90

Financial

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
30Ja	30J	FFI 13pc 1981	99⅛	[illegible]	13.11	14.73
20J	20D	Do. 14pc '83	101½	[illegible]	13.79	13.42
31M	30S	FFI(UK Fn)5¼pcDb. '80-2	87½	[illegible]	6.42	13.59
31M	30N	Do. 6¼pcDb. '81-84	82½	[illegible]	7.71	12.00
11Ja	11J	Do. 10½pc Uns.Ln. '86	92	[illegible]	11.48	12.70
11Ja	11J	Do. 11pc Uns.Ln. '88	91½	[illegible]	12.10	12.70
11Ja	11J	Do. 11¾pc Uns.Ln. '90	93½	[illegible]	12.66	13.10
—		Do. 12½pc Un. Ln. 1992	100	—	13.06	13.20
30J	31D	Do. 7¾pcADeb. '89-92	66	[illegible]	11.22	13.05
31M	30S	Do. 7¾pcA Db. '91-94	65	[illegible]	11.65	13.29
31M	30S	Do. 9pc 'A' '91-94	76½	[illegible]	12.31	13.25
28F	31A	Do. 8¾pcLn. '92-97	70½	[illegible]	13.43	14.10

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly.	82	8.7.1	—	—
1Ja	1J	Do. 5pc Pref.	55	2.6	—	—
1Ja	1J	Chilean Mixed	98	21	3	f3.10
	—	Chinese 4½pc 1898	24	—	—	—
	—	Do. 5pc 1912	22	—	—	—
—	—	Do. 5pc 1913	15	—	—	—
	—	Do. 5pc 1925 Boxer	17	—	—	—

AMERICANS

CANADIANS

Dividends Paid	Stock	Price	Last xd	Div. Gross	Cvr	Y'ld Gr's
Jan. July	Hud.B.Oil G. $2½	13	24.9	h57¼	—	1.7
Mr.Je.S.D.	Imperial Oil‖	16⅝	28.2	$1.40	—	3.2
Jan.Ag.J.O.	Inco‖	960p	28.4	72c	—	2.8
F.My.Au.N.	Int. Nat. Gas $1	545p	30.10	$1.00	—	6.9
Mr.Je.S.D.	Massey Ferg.‖	320p	11.77	—	—	—
—	Place Gas $1	115p	—	—	—	—
June Dec	Rio Algom	12⅞	26.10	$1.50	—	4.5
M.Je.S.D.	Royal Bk.Can. $2.	18⅞xd	25.7	$2.56	—	5.2
SeDeMrJu	Seagram Co. C$1	23⅞	21.5	$US1.10	—	2.1
F.MyAuN.	Tor. Dom. Bk. $1.	11⅞	27.3	$1.36	—	4.4
J.Ap.Jy.O.	Trans Can. Pipe	900p	26.6	$1.16	—	4.9

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Eastern Rand

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Far West Rand

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O.F.S.

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Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

—		Barymin	53	—	—	—	—
—	May	Burma Mines 10p	$14\frac{1}{2}$	14.4	0.62	1.1	6.2
—		Colby Res. Corp.	140	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	320	30.6	hQ100c	1.8	17.9
—		††Hemerdon 10c.	110	—	—	—	—
—		Northgate C$1	380	97.7	—	—	—
Jan.	July	R.T.Z.	467	12.5	15.0	3.2	4.6
—		Robert Mines	24	—	—	—	—
—		Sabina Inds. C$1.	$28\frac{1}{2}$	—	—	—	—
—		††SWCM 10p	40	—	—	—	—
—		Tara Expln. $1	440	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issues cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	32	......			
Bertam	16	......	Conv. 9% '80/82	£92	......
Bdg'wtr. Est. 50p	440	+5	Nat. 9¾% 84/89	£81¼	......
Clover Croft	60	......	Fin. 13% 97/02	£96½	......
Craig & Rose £1	£10½	......	Alliance Gas	50	+2
Fife Forge	32½	......	Arnott	200xc	......
Finlay Pkg. 5p	18	......	Carroll (P.J.)	62	+2
Graig Ship. £1	£15½	......	Clondalkin	122	......
Higsons Brew	75	......	Concrete Prods.	70	......
Holt (Jos) 25p	250	......	Helton (Hldgs.)	33	......
I.O.M. Stm. £1	192	......	Ins. Corp.	260	+10
Pearce (C. H.)	465	......	Irish Ropes	45	......
Peel Mills	45	......	Jacob	32	......
Sheff. Refrshmt.	102½	......	T.M.G.	88	......
Sindall (Wm.)	142	−1	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lofs"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	29
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23	Charter Cons.	14
Guardian	23	Trust Houses	12	Cons. Gold	40
G.K.N.	20	Tube Invest.	23	Lonrho	8
Hawker Sidd	15	Unilever	40	Rio T. Zinc	35
House of Fraser	15	U.D.T.	5½		

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FINANCIAL TIMES
Monday July 28 1980

Brighter trend in motor trade balance

BY JOHN GRIFFITHS

BRITAIN's trade balance in motor products swung back into the black during the second quarter, after 15 months of deficit.

Figures from the Society of Motor Manufacturers and Traders this week will show a surplus for the quarter of £72m. This compares with £128m deficit for the first quarter and one of £287m for 1979 as a whole—the first year that the motors account dipped into the red.

The £156m deficit for the first half overall is a substantial improvement over the £200m recorded in last year's first six months. But the second quarter turnround has come from a marked drop in imports rather than from better export performance.

Imports of all motor products fell by 16 per cent in the second quarter to £1.048bn, while exports fell by 5 per cent to £1.12bn. For the first six months, total imports were up by 1 per cent at £2.26bn while exports were up 8 per cent at £2.204bn.

Car imports fell most sharply in the second quarter, by 23 per cent to £1596m, reflecting the sharp downturn in the car market since this year's record first quarter (when, for the first time, more than half-a-million cars were sold).

For the first half, they were down 4 per cent at £1.33bn. The SMMT forecast that sales this year will fall to 1.45m units against the record 1.71m last year.

Imports continue to take most of the market—57.6 per cent in the first half.

But one factor which may continue to help swing the trade balance in Britain's favour is Ford's decision to halve its imports from mainland European plants, which accounted for nearly 52 per cent of its first half sales.

The action started to show up in the June sales figure, when Ford's import level fell to 45 per cent. It will become more noticeable over the next few months.

Since Ford is the UK market leader, with a share of nearly 33 per cent, the impact on the trade account is bound to be considerable.

Imports of commercial vehicles continue went up by 5 per cent in the second quarter at £107m, an dup by 23 per cent at £226m in the first half. This was almost entirely due to Japan's success in taking a large share of the market for non-car-derived vans.

Component imports fell by 8 per cent in the second quarter to £283m, though they were up by 3 per cent at £581m in the first half.

Britain's car exports also fell by 9 per cent in the second quarter to £219m. For the six months, they were virtually unchanged on the 1979 level of £435m.

'Formidable' Westward list for Cadbury

By Arthur Sandles

A "FORMIDABLE" LIST of reasons against return of Mr. Peter Cadbury to chairmanship of Westward Television is about to be sent to shareholders by the board of the company.

Lord Harris of Greenwich, the new chairman, so far on the losing end of the propaganda war with Mr. Cadbury, plans a major counter-offensive.

Mr. Cadbury took the conflict several stages further over the weekend. He made a formal call for a shareholders' meeting in a bid to regain the chair he lost at a board meeting two weeks ago.

He produced powers of attorney from owners of more than half the Westward voting stock. "The battle," he claimed, "is over."

This is not the view of the Harris side. A circular to shareholders is being prepared with the aid of lawyers, listing the board's reasons for opposing Mr. Cadbury.

A weekend statement by the board said that it could only regret the decision by Mr. Cadbury to seek an extraordinary meeting of shareholders.

"This can only damage the reputation of the company. The board at its last meeting came to the conclusion with both reluctance and regret that it was no longer possible to continue to conduct the business of a public company in the manner found acceptable by Mr. Cadbury.

"In addition, we believed that unless a change was made in the chairmanship of the company, Westward Television would lose its licence. That remains our view."

It is being said by the Harris side that for 11 of 14 members of the board of a public company to sign such a declaration against their former chairman is a rare City occurence.

A Westward board meeting will be held on Friday to set a date for the shareholders' meeting. Mr. Cadbury and his boardroom supporters, former deputy chairman Lord Lishurne and Mr. Harry Turner, will be at that meeting. It may be that they will also see a draft of the proposed circular.

The board says it is not worried about Mr. Cadbury's powers of attorney. While these can force a shareholders' meeting, the directors believe they cannot be translated into actual votes on a resolution. Lord Harris and his colleagues rely on their list of evidence to swing the voting their way.

Mr. Cadbury was in a jubilant mod at the weekend. He suggested that the only honourable thing those directors against him could do would be to resign immediately, so that Westward could fight for renewal of its franchise.

Labour steps up attack on employment record

BY PHILIP RAWSTORNE

Mrs. Margaret Thatcher will tomorrow strongly reaffirm the Government's adherence to its economic strategy, in the face of the most hostile political examination yet mounted in the Commons.

Mr. James Callaghan and Mr. Michael Foot will open a two-day test of the Government's policies in a full-scale censure debate on its unemployment record.

Labour bitterness over the record total of unemployed—which marked exchanges in the Commons last week—again broke out in weekend speeches.

Mr. John Grant, a Labour employment spokesman, yesterday accused the Prime Minister and Mr. James Prior of "cruelly conning" the out-of-work.

By suggesting work was available to those prepared to move, Mr. Grant said they were "as ready to raise false hopes as they have been to make false promises."

Labour's attack tomorrow will be followed by another critical assault on Wednesday on the "disastrous effects" of Government policies on the textiles and clothing industries.

The Liberals will also mount a debate earlier the same day condemning the Government's "indifference" to the plight of small businesses.

Faced with these growing pressures, and some unease among Conservative backbenchers, Mrs. Thatcher spent the weekend at Chequers preparing to reassert vigorously the Government's determination to stick to its policies.

The Prime Minister is expected to reiterate the message delivered at the weekend by Sir Geoffrey Howe, the Chancellor of the Exchequer: that the Government's strategy is "on course." She will point to the downturn in the rate of inflation and the prospects of further reductions in interest rates.

She will emphasise the Chancellor's theme that workers are pricing themselves out of jobs and try to drive home the need for moderate pay settlements in the new wage round.

But Mrs. Thatcher is also expected to temper her speech with a promise of more Government help for the unemployed.

Ministers looking at various ideas for extending aid to the young jobless in particular. The assistance, which will probably be announced in the autumn, could include more funds for existing schemes like the youth opportunities programme, more apprenticeships with special grants to employers, and community work projects.

The public expenditure review now in progress may also involve reshuffling Government priorities to provide extra funds to help deal with unemployment in 1981-82.

The Prime Minister will make it clear, however, that these measures will not deflect the Government from its central objective of curbing public expenditure and squeezing inflation out of the economy.

Parliamentary diary, Page 25

Oil helps Nigerian economic recovery

By Ian Rodger in Lagos

RISING OIL revenues and restrictions on imports helped carry Nigeria's external reserves to a record 4.7bn Naira (£3.7bn) in mid-July, according to the country's Central Bank.

The figure marks substantial progress in the country's recovery from its 1978 financial crisis.

"We are very comfortable now," said Mr. al-Hajl Otiti, executive director of the Central Bank.

He expected imports to grow more rapidly later in the year, as restrictions have been eased and public spending will grow rapidly.

After reaching 4bn Naira in April, 1974, Nigeria's foreign reserves plunged to 1bn in April, 1978, as oil sales fell but imports surged. The then military government slashed public spending and banned several categories of imports.

Britain's exports to Nigeria halved to £638m last year.

Meanwhile, since Iran's oil production was disrupted, world oil prices have risen rapidly.

The price of Nigeria's top quality crude was raised to $37 a harrel in April, and oil revenues this year are expected to exceed $24bn.

Economic activity has recovered somewhat this year, hut Mr. al-Hajl Otiti described conditions as "still a bit sluggish."

He said this was because the full impact of the April Budget, providing for a 25 per cent increase in federal spending to 11.5bn Naira, has not yet been felt.

The Budget, which covers the nine months to December 31, 1980, was debated for three months in Parliament and passed only last month.

Observers expect a rush by Government departments and agencies to spend their allocation increases in the remaining few months.

A promised 30 per cent increase in the minimum wage to 100 Naira a month, expected to be implemented shortly, would also stimulate consumer spending.

Lagos port strike, Page 3

Row over U.S. move on telecommunications

BY GUY DE JONQUIERES

AN INTERNATIONAL political row has flared over a U.S. proposal to stimulate competition in the communications industry by relaxing the rules governing private circuits used for overseas data and voice transmission.

The proposal, by the Federal Communications Commission (FCC) would authorise businesses renting such circuits for their own use to sell surplus capacity to or share their lines with other companies.

Many multinationals, particularly banks, rent private lines to link their worldwide operations. But traffic outside normal office hours is often light, and they could save money if they were allowed to split costs with other users.

There is a danger that the plan will backfire. Some U.S. companies fear that it will used as a pretext by European telecommunications administrations (PTTs) to clamp down on private circuits and force businesses to rely on public networks instead.

The State Department and the Pentagon are also worried. As major users of private circuits, they are concerned that the security of their communications would be jeopardised and costs increased by as much as seven-fold if they were required to rely on public networks.

Mr. Leon Burtz, director of the ITU's Consultative Committee on International Telegraph and Telephones (CCITT), has sent a stinging protest to the State Department, accusing the U.S. of reneging on its international commitments and of undermining the organisation.

Continued from Page 1

Shah dies

their stay in Egypt. Mr. Sadat promised "maximum pomp" for the funeral.

Recalling his gratitude for the Shah's support for Egypt during the 1973 war with Israel, the Egyptian Head of State promised the Shah's family continued sanctuary.

Mr. Sadat gave the former Iranian imperial family refuge when they fled from Tehran in January, 1979, and again last March when the Shah was forced to leave Panama for medical treatment.

The official U.S. statement expressing condolences to the Shah's faimly was warmer than might have been expected for an exiled and largely discredited leader, even though Iran was once a close ally.

Reuter adds from Tehran: Iran's oil export revenue dropped by almost a half, in the Persian month ended July 22, to $864m from $1.61bn in the previous month, the official Pars news agency reported yesterday.

NCR to spend $155m on semiconductor production

BY GUY DE JONQUIERES

NCR, one of the leading American manufacturers of general purpose computers, is to spend $155m (£65m) on a major expansion of its capacity to produce advanced integrated circuits.

The investment programme, to be spread over four years and involving three of the company's U.S. sites, is believed to be the largest of its kind ever made by a computer manufacturer.

Despite the onset of the U.S. recession, NCR's competitors have also been racing to build up their semiconductor production. In the past few months, Burroughs and Sperry Univac have announced plans to invest $80m and $50m respectively.

IBM, which makes more semiconductors than any other company in the world, is also believed to be planning increases in output, but it has released no details of these.

Continued from Page 1

Air fares

The North Atlantic is already one of the most competitive air routes in the world. But airlines have had to sustain only marginal profits or actual losses in order to stay on the route. Total losses on the North Atlantic routes this year, shared by the 13 airlines flying between Britain and the U.S. are estimated at U.S.$500m. Further losses are expected if low fares continue to be offered

Weather

UK TODAY

SUNNY intervals with a few showers developing.

London, S.E., S. Central, Channel Isles, E. England

Early fog, mainly dray, sunny intervals, showers later. Max. 24C (75F).

S.W., Wales, N. Ireland, I. of Man

Cloudy, some rain. Max. 20C (68F).

South and Central Scotland

Bright periods, showers later. Max. 20C (68F).

N. Scotland

Cloudy, rain dying away later. Max. 16C (61F).

OUTLOOK: Mostly sunny and warm, scattered thunder.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	24	75	Istanbul	F	27	81
Algiers	S	29	84	Jersey	S	18	64
Amsdm.	S	22	72	Jo'burg	S	18	65
Athens	S	30	86	L. Plms.	S	23	73
Bahrain	S	40	104	Lisbon	S	24	75
Barclna.	S	24	75	London	C	20	68
Beirut	F	28	82	Los Ang	C	30	85
Belfast	C	16	61	Luxmbg.	C	22	72
Belgrd.	S	29	84	Luxor	S	37	99
Berlin	F	24	75	Madrid	S	29	84
Biarritz	S	22	72	Majorca	S	26	79
Bmghm.	C	20	68	Malaga	S	26	79
Blackpl.	F	18	66	Malta	S	31	88
Bordx.	S	21	70	M'chstr	C	19	66
Boulgn.	C	16	61	Milan	S	28	82
Bristol	C	18	64	Mntreal.	Fg	26	79
Brussels	F	23	73	Moscow	F	22	72
Budpst.	R	22	72	Munich	C	22	72
B. Aires	C	17	62	Naples	S	28	82
Cairo	S	34	93	Nwcstl.	C	21	70
Cardiff	C	17	63	N. York	S	34	93
Cas'b'ca	S	24	75	Nice	S	24	75
Chicago	S	23	73	Nicosia	S	29	84
Cologne	R	18	64	Oporto	F	19	66
Cpnhgn.	F	23	73	Oslo	S	27	81
Corfu	S	28	82	Paris	C	21	70
Dublin	C	17	63	Prague	F	24	75
Dbrvnk.	S	26	79	Reykjvk.	S	12	54
Ednbgh.	C	14	57	Rhodes	S	28	82
Faro	S	25	77	Rome	S	29	84
Florence	F	28	82	Salzbrg.	F	23	73
Frankft	C	21	70	Stckhm.	S	23	73
Funchal	F	23	73	Strsbg.	F	22	72
Geneva	S	22	72	Tangier	S	23	73
Gibrltr.	S	26	79	Tenerife	S	22	72
Glasgow	C	16	61	Tunis	S	33	91
G'rnsey	F	16	61	Valencia	F	27	81
Helsinki	S	24	75	Venice	C	28	82
H. Kong	R	28	82	Vienna	S	26	79
Innsbrk	C	21	70	Warsaw	F	23	73
Invrnss.	R	13	55	Zurich	F	21	70
I.o.Man	C	15	59				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Report will urge jobs subsidy

BY ROBIN REEVES, WELSH CORRESPONDENT

A SELECTIVE jobs subsidy to curb soaring unemployment in the regions is to be urged on the Government this week by the Commons Select Committee on Welsh Affairs.

In a report which the Government is likely to find deeply embarrassing, the committee has unanimously concluded the haemorrhage of employment is so serious, particularly in Wales, that the Government must change tack and concentrate on saving existing jobs, rather than simply relying on measures such as advance factories to create new job opportunities.

Although chaired by an opposition MP, Mr. Leo Abse, Labour MP for Pontypool, the Welsh Committee has a Conservative majority with six Welsh Tory MPs, four Labour and one Liberal, and its recommendations are unanimous. It has spent five months investigating job prospects in Wales and the machinery for creating new employment opportunities.

Its report, to be published on Thursday, will evidently press the Government for a scheme akin to the regional employment premium, abolished in 1976 by Mr. Denis Healey, then Chancellor of the Exchequer.

While the committee recognises that simply reintroducing of the REP is probably out of the question — it would run counter to EEC competition rules — it will urge the Government to introduce some form of selective employment assistance to enable companies in difficulties to weather the present recession.

The unanimous demand for Government efforts to be concentrated on saving jobs stems from the particularly bleak prospect facing the Welsh economy as a result of the steel industry run down.

The Welsh steel industry is bearing the brunt of the British Steel Corporation's drastic retrenchment programme, with over 20,000 jobs disappearing in North and South Wales this year.

Although many of these redundancies have yet to work their way through to the unemployment register, Welsh unemployment soared last month from 9 per cent to 10.6 per cent as a result of heavy lay-offs in other sectors of industry and lack of work for school-leavers. Some forecasts predict it could reach 14 per cent by 1982.

Fears of an even more radical steel cutback are growing because of BSC's deteriorating order book. Rumours abound that Mr. Ian MacGregor, BSC's new chairman, will shortly recommend the outright shutdown of Port Talbot and/or Llanwern, creating 5,000-10,000 more direct redundancies.

This would be on top of the steelmen now in the process of leaving under BSC's slimline scheme for running the two South Wales strip steel plants at 40 per cent capacity.

Another cutback would create even greater difficulties for the Welsh coal industry, already struggling under the impact of a sharp drop in its market for coking coal and BSC's partial switch to cheaper imported supplies.

The National Coal Board's figures, to be published this week, are expected to show a steep rise in the South Wales coalfield's losses.

The Coal Board has already suggested that, on present trends, up to 20 of the 35 remaining South Wales collieries might eventually have to close, with the loss of 15,000 of the 26,000 miners' jobs in the coalfield.

THE LEX COLUMN

Stockjobbing in a changed climate

London's stockjobbers are more than a little hurt by the press criticism that has been handed out to them after the publication of the Stock Exchange report on the Gold Fields affair. And this does not only apply to Akroyd and Smithers, the firm which was closely involved with Rowe and Pitman and De Beers. Other firms would also be extremely reluctant to accept any restrictions on their freedom to take short or long positions, a freedom which is fundamental to the current mode of operation of the London market.

Yet the appearance of a whole series of "dawn raids" in the past couple of weeks, has once again raised the question of whether an unfettered market always produces the right result. And there have for some time been rumblings of criticism in the gilt-edged market over the tactics which appear to have been adopted by the jobbers in highly profitable dealings in tap stocks.

Two-way deals

The common theme is that in a market increasingly dominated by big institutional investors the role of the jobbers has been subtly shifting. Their ability to make profits out of active two-way dealing has been eroded because of the increasingly one-way tide of decisions taken by professional fund managers. So profitability has come to depend much more on the taking of positions. In particular, much greater importance has come to be attached to set piece trading, as with tap stocks and equity market raids.

Some jobbers have done well out of this. Akroyd declared pretax profits of £12.2m for the six months to March, generated on an equity base of under £20m. Even Smith Bros., without a gilt-edged involvement, has seen its share price nearly double from an admittedly lowly level at the end of last year.

On the other hand the risks also seem to have grown. The small fim of gilt-edged jobbers Wedd and Owen gave up trading last month. The reason is not entirely clear, hut the impression is that the firm badly misread the direction of the market at key moments in the past six months or so.

It is the ability and willingness of the jobbing system to take bull and bear positions that generates much of the liquidity of the London stock market. But if the London system is to work properly, the balance of risk must be appropriate. The market must not be rigged so that the jobbers are always finishing up on the right side of the bargain, and the users of the market gradually come to perceive that they are getting a bad deal.

At the same time, it will be dangerous if the jobbers are encouraged to take on so much risk that they teeter between huge profits and huge losses, the latter leading to the disappearance of firms and to a gradual shrivelling away of the specialist market-making function. But this could easily be the way in which dual capacity eventually arrives in London.

In gilt-edged a very delicate relationship exists between the jobbers and the Bank of England, with the Government broker as the intermediary. In the past few years this relationship has become of fundamental importance for the two big jobbing firms, Akroyd and Wedd Durlacher, as the Government has financed itself through a steady stream of new gilt-edged issues.

The presence of the Government broker as the potential supplier of a tap stock gives the jobbers the great advantage that they can go short with a reasonable expectation that they can fill in their bears with official supplies. Whether they can do so profitably, of course, depends on the official price tactics.

Last month's Bank of England Bulletin discussed the case of a tap stock—13½ per cent Exchequer 1983—which in April was languishing below its previous supply price in January. The jobbers had gone heavily short, and were trying to bid for stock from the Government broker at a discount of over £2. He would not go all the way but in the event the stock was supplied at more than a point below the previous selling price.

How the Bank makes decisions about prices when the jobbers are taking such heavy speculative positions is obscure. But to the extent that there is a discretionary element the jobbers' risks cannot be viewed as entirely normal commercial ones. This is not to deny that some jobbers can get it badly wrong, as Smith Bros found in 1972, and Wedd and Owen in 1980.

Going short

As for equities, the £7.5m jobbers' short position in Gold Fields, subsequently filled in at a juicy profit, has attracted some notoriety. Of course, there are risks involved in such positions, for instance of a rival bidder, though in this case Akroyd had an extensive knowledge of the background.

It can easily enough go the other way. In one of last week's raids, that organised by Capel-Cure Myers on Gough Cooper, the brokers deliberately made life difficult for short sellers by insisting on cash settlement on Thursday. By Friday a nasty bear squeeze was in progress.

But at a time when fairness in market dealings is acquiring a higher priority than it used to, the jobbers cannot keep moving along their present road. One of their problems is that they are not very good at sniffing out changes in public opinion. As one jobber puts it, in the wake of the Gold Fields affair: "If the ground rules are to be changed will somebody please tell us first?"

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